



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that  
Finance, Assurance & Risk Committee Meeting will be held on:**

**Date:** Tuesday, 26 March 2024  
**Time:** 1:30 PM  
**Location:** Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa

# **AGENDA**

## **Finance, Assurance & Risk Committee Meeting**

**26 March 2024**

**MEMBERSHIP:** His Worship the Mayor Craig Little, Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones, Cr Benita Cairns, Cr Melissa Kaimoana

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)



**Order Of Business**

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8.3	EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2024 .....	50





- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson. Requests should also outline the matters that will be addressed by the speaker(s).

**7 MINUTES OF THE PREVIOUS MEETING**

Ordinary Meeting - 20 February 2024

**MINUTES OF WAIROA DISTRICT COUNCIL  
FINANCE, ASSURANCE & RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA  
ON TUESDAY, 20 FEBRUARY 2024 AT 1:30 PM**

**PRESENT:** Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones (via Zoom), Cr Benita Cairns, Cr Melissa Kaimoana

**IN ATTENDANCE:** **Gary Borg** (Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory), **Juanita Savage** (Pouwhakarae Rātonga Hapori me te Whakawhanake | Group Manager Community Services and Development), **Sarayde Tapine** (Kaiurungi Kaupapa Here | Policy and Governance Officer), **Hinemoa Hubbard** (Kaitauira Mana Ārahi | Governance Cadet), **Jacobus Meyer** (Kaiwhakahaere Pūtea | Finance Manager - via Zoom), **Steve Baker** (Recovery Support Officer - via Zoom)

**1 KARAKIA**

The Opening Karakia was given by the Group Manager – Finance and Corporate Support, Gary Borg.

**2 APOLOGIES FOR ABSENCE**

**APOLOGIES**

**COMMITTEE RESOLUTION 2024/200**

Moved: Cr Jeremy Harker

Seconded: Cr Benita Cairns

That the apologies received from His Worship the Mayor Craig Little and the Chief Executive, Kitea Tipuna be accepted and leave of absence granted.

**CARRIED**

**3 DECLARATION OF CONFLICT OF INTEREST**

None.

**4 CHAIRPERSON'S ANNOUNCEMENTS**

**Item 8.5 – Planning and Regulatory Update** was not reported on at this meeting as it was mistakenly presented to the wrong committee.

**5 LATE ITEMS OF URGENT BUSINESS**

None.

**6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

**7 MINUTES OF THE PREVIOUS MEETING****COMMITTEE RESOLUTION 2024/201**

Moved: Cr Melissa Kaimoana

Seconded: Cr Denise Eaglesome-Karekare

That the minutes of the Ordinary Meeting held on 28 November 2023 be confirmed.

**CARRIED**

**8 GENERAL ITEMS****8.1 WAIROA RECOVERY PLAN UPDATE JUNE 2023****COMMITTEE RESOLUTION 2024/202**

Moved: Mr Philip Jones

Seconded: Cr Jeremy Harker

The Committee receive the report.

**CARRIED**

The Recovery Support Officer spoke to this report, highlighting that the government's recent allocation of \$3M for woody debris funding would be managed by Hawkes Bay Regional Council. He also expressed uncertainty regarding the status of the funds from the special LOTTO draw dedicated to cyclone relief in March of 2023.

Elected members discussed:

- The attempts to establish contact with the DIA to learn how to access the LOTTO funds and determine their designated purpose.
- The possibility of directing any funds obtained from the special LOTTO draw through the Mayoral Relief Fund for distribution. This consideration hinges on the alignment of the accountabilities associated with the LOTTO fund matching those of the Mayoral Relief Fund.
- The reliability of the placard data, queried whether or not there is missing data for green placards, and suggested enhancing the clarity of the data explanation.

- The barriers preventing people from getting back into their homes.
- The need for strategies to enhance future recovery efforts, focusing on improving collaboration between local, regional and national organisations to avoid duplication of efforts and improve the use of resources.

The elected members acknowledged the efforts of the Recovery Team for the Hīnātore event.

## **8.2 TIMETABLE FOR LONG-TERM PLAN 2024-27**

### **COMMITTEE RESOLUTION 2024/203**

Moved: Cr Jeremy Harker

Seconded: Cr Melissa Kaimoana

The Committee endorses the LTP timetable, with particular attention to its availability for assurance and risk management matters.

### **CARRIED**

The Group Manager – Finance and Corporate Support spoke to this report and apologised for not having a fully detailed budget model for review at the moment. He mentioned that it is expected to be completed within the current week and shared informally, as well as presenting it to Council and committees in the near future.

Cr Eaglesome-Karekare queried the necessity of consulting on levels of service and emphasised the need for the second iteration of the Wairoa Recovery Plan to contribute to the Long-Term Plan.

Cr Harker noted rates would play a role in the recovery process, indicating a strong likelihood of the necessity to engage in consultations regarding levels of service.

The Group Manager – Finance and Corporate Support noted that if the second iteration of the Wairoa Recovery Plan is delivered by the end of February it would provide sufficient time for its inclusion in the Long Term Plan.

Cr Cairns suggested a workshop to determine the 'Business as Usual' aspects in terms of long-term plan levels of service and how the recovery has impacted levels of service.

The Group Manager – Finance and Corporate Support noted he had communicated with all activity managers providing an example from the last long-term plan regarding levels of service. Inquiring about potential changes to their levels of service, how recovery presented challenges, and what implications recovery held for each activity.

### **8.3 MINOR UPDATES TO REVENUE AND FINANCING POLICY AND SIGNIFICANCE AND ENGAGEMENT POLICY**

#### **COMMITTEE RESOLUTION 2024/204**

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

The Committee endorses the policy updates to Council and in doing so supports the position that, due to the editorial nature of the updates, no consultation is required.

#### **CARRIED**

The Group Manager – Finance and Corporate Support spoke to this report, emphasising that updates to the significance and engagement policy are mainly editorial. He acknowledged the potential for improving the integration of risk management with the said policy. Additionally, he noted that there are slightly more comprehensive but still minor modifications in the revenue and financing policy, noting that he is anticipating changes post water reforms and acknowledged uncertainty in the recovery process. He also noted that this report will be tabled at the next Māori Standing Committee Meeting on 5 March.

Cr Cairns queried why there is a reference to Māori and iwi, concerned that it implied a separation between iwi and Māori. She also inquired about the potential return of surplus to the specific area where the sale had generated the surplus.

The Group Manager – Finance and Corporate Support said that, theoretically, the surplus should return to the same area. However, an instance in the past was noted where uncoordinated policies allowed for the surplus to be utilised in a different area than where it originated. He also noted the wording for the development contribution policy is vague within the revenue and financing policy, attributing this to the council providing only informal direction of its creation through a workshop.

### **8.4 HALF YEAR REPORT TO 31 DECEMBER 2023**

#### **COMMITTEE RESOLUTION 2024/205**

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

The Committee receive the report.

#### **CARRIED**

The Finance Manager briefly spoke to the report emphasising that the majority of variances in the profit and loss statement are from subsidies and grants covering response and recovery costs.

The Group Manager – Finance and Corporate Support advised that the action relating to the audit of the drinking water standards for the years 2022 and 2023 have been implemented, with ongoing monitoring throughout the year.

Elected members discussed:

- Whether the initiatives undertaken by the waste minimisation officer encompassed only internal efforts or were also community focused, and assessing whether or not they contributed to the Councils solid waste strategy.
- Determining the threshold at which unmet performance measures become concerning enough to warrant a change in approach.
- Noticing a significant impact when roads receive funding for repair and recognising the cohesion in the funding process, from allocation to contractors and ultimately to staff.
- The incurred cost related to recovery, as reflected in the statement of comprehensive revenue and expense, more specifically in Transport, Planning and regulatory costs.

**The Meeting closed with a closing karakia given by the Group Manager – Finance and Corporate Support, Gary Borg at 2:54pm.**

**The minutes of this meeting were confirmed at the Finance, Assurance & Risk Committee Meeting held on 26 March 2024.**

## ACTIONS FROM THE FINANCE ASSURANCE AND RISK MEETING HELD ON TUESDAY 20 FEBRUARY 2024

<u>ACTION</u>	<u>START DATE</u>	<u>FINISH DATE</u>	<u>OFFICER RESPONSIBLE</u>	<u>COMMENTS</u>	<u>STATUS</u>
Provide a breakdown of:  <b>Houses impacted:</b> By Cyclone Gabrielle.  By other weather events.  <b>Houses insured:</b> In Cyclone Gabrielle.  In other weather events.  <b>Houses not insured:</b> In Cyclone Gabrielle.  In other weather events.  <b>Safety declaration:</b> Houses declared safe to live in for each category.	23/02	21/03	Steve Baker and Naomi Wilson	S Baker advised he would report back to G Borg on this action.	In progress

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CHAIRPERSON

## 8 GENERAL ITEMS

### 8.1 WAIROA RECOVERY PLAN UPDATE JUNE 2023

**Author:** Steve Baker, Tautoko Whakaora - Recovery Support

**Authoriser:** Gary Borg, Pouwhakarae - Putea | Tautawhi Rangapu Group Manager  
Finance and Corporate Support

**Appendices:** Nil

#### 1. PURPOSE

- 1.1 To update the Committee on progress of the Cyclone Gabrielle recovery program to 29 February 2024.

#### RECOMMENDATION

The Tautoko Whakaora - Recovery Support RECOMMENDS that Committee receive the report.

#### 2. BACKGROUND

- 2.1 At 0515 Hrs Tuesday 14 February 2023, Hawke's Bay region declared a State of Local Emergency due to the flooding effect of Cyclone Gabrielle. At 0843 Hrs, the Minister for Emergency Management declared a State of National Emergency to assist in the response. The declaration applied to Northland, Auckland, Tairāwhiti, Bay of Plenty, Tararua District, Waikato, and Hawke's Bay.
- 2.2 Cyclone Gabrielle resulted in extensive flooding across the north and east of the North Island. Major flooding occurred in the Wairoa District as the Wairoa River and numerous tributaries overtopped their banks, causing flooding into residential areas, and cut off rural communities. There was extensive surface water flooding across the district in all catchments.





- 2.3 The impact of Cyclone Gabrielle to whānau, where, whenua, and our pātaka has been destructive and devastating. The consequences are felt by everyone and every community in our rohe. No one is unaffected. We expect, based on other New Zealand flood events, that the social and economic consequences will worsen in the upcoming months and years.
- 2.4 The key area of impact in the Wairoa District was in the north of Wairoa with the river breaching its banks on the north-western side of the town and flooding the rural areas of Waihirere and Ruataniwha, and urban area of North Clyde. There were however floods in Awamate - on the other side of the river, Frasertown, Whakakī, Nuhaka and Mahia, where damage to homes was more limited.
- 2.5 There was also significant damage to the landscape, rural properties and the primary sector, including horticulture, cropping, dairy, sheep and beef, and forestry. Many farms have limited access to and within their properties due to farm tracks being cut off or washed out. Water damage, erosion and silt deposition have damaged fences, access tracks, water infrastructure, destroyed crops (particularly maize and squash) and silage/hay loss and caused damage to ancillary farm buildings and dairy sheds. There has been significant pasture loss.

#### **KEY MESSAGES - 26 MARCH 2024**

- 2.6 At a February 2024 meeting the Committee requested the Recovery Team provide the following information.

Action Point	Comment
Houses impacted.	
a) By Cyclone Gabrielle	
b) By other weather events	

Houses insured. a) in Cyclone Gabrielle b) in other weather events	The Insurance Council of NZ has advised us that there have been 217 lodged for residential properties within the Wairoa region. It does not tell us whether the claim is for Cyclone Gabrielle or a later weather event
Houses not insured. a) in Cyclone Gabrielle b) in other weather events	
Safety Declaration: Houses declared safe to live in for each category,	The Rapid Building Assessment (RBA) system does not have the configuration required to provide this information.

- 2.7 Information obtained from our Kaimanaaki by visiting impacted properties, and discussions with other agencies operating in this space is that there are.

<b>Non-insured houses rebuild listed by lead Agency managing rebuild.</b>	<b>Number</b>
Church of Latter-Day Saints	5
TToTW	18
Hookmade - on behalf of the church of St Vincent de Paul	5
Remaining - Recovery Team	41
<b>Total</b>	<b>69</b>

#### Status of Stickered homes

Category	Peak March 2023	Rain Event 23 Nov 2023	As at 18 Mar 2024
<b>White</b>	198		162
<b>Yellow</b>	146	16	100
<b>Red</b>	2	2	3
<b>Placards Removed</b>			93

Explanation of the different Placard types can be found at:

<https://www.building.govt.nz/assets/Uploads/managing-buildings/post-emergency-building-assessment/rapid-building-assessment-placards-and-forms-quick-guide.pdf>

- 2.8 Recovery Team - Our Recovery Team Leader Benita Tahuri finished on the 19<sup>th</sup> of March 2024. We thank Benita for her drive, commitment, and empathy to our whānau through this trying time. We wish her well in her future endeavours.
- 2.9 One year anniversary – the 14<sup>th</sup> of February 2024 marked the one-year anniversary of Cyclone Gabrielle. It also provided an essential step in the healing process. Whānau were given an opportunity to reflect, grieve, but also to support one another, reaffirm bonds with one another.

- 2.10 MPI – With an original delivery cut-off of 31 December 2023 the recovery team attained an extension of delivery to 31 March 2024 from NIWE and MPI. It has been a dynamic process with deliverables changing after considering community feedback. There has also been the need to try and fund greater levels of historical response expenditure that were unable to be funded through other avenues. This has led to recovery staff working with MPI to obtain the funding variation between the Isolated Communities and Community Hub grants. The pressure is most definitely on in the last few weeks of March to get these projects and funding over the line.

What we aim to deliver:

- Seven Community Hubs - EPOD's containing a range of essential equipment to assist communities in future weather events.
  - Two Mobile EPOD's that can be deployed to an area in need during or prior to an event. These will be located at QRS Wairoa.
  - First aid training for 100 Whānau
  - Water tank
  - Reimbursement of approximately \$80,000 of recovery expenditure incurred not reimbursed by NEWA.
- 2.11 Recovery Plan reset – A draft updated recovery plan is being reviewed by the recovery team. It represents a stocktake of where we are now and what needs to be done moving forward.
- 2.12 The Current Recovery Plan consists of several, independent or at times interlinked, work-packages many of which are underway concurrently. Section 3 of this report provides a high-level 'Dashboard' overview of each of these work-packages.
- 2.13 These work-packages are expanded upon further in section 4 of the report. This includes an overview of the work-package, income and expenditure to the 31<sup>st</sup> of December 2023 as well as a forecast out to June 2024. There is also a narrative for each highlighting milestones to date, as well as an explanation of where we are heading in the future. It is hoped that elected members will be able to use this report as a resource when talking to members of the community.
- 2.14 In the 2023/24 Annual Plan Council committed to fund the operational costs associated with the Recovery Office for \$500,000 (due to rates affordability council chose not to rate fund this amount). To date in 2023/24 the Recovery Office has not drawn down on this budget.

### **3. FINANCE, AUDIT AND RISK COMMITTEE WORKSHOP 25<sup>TH</sup> JULY 2023**

- 3.1 On the above date the Finance, Audit and Risk Committee workshopped the Wairoa Recovery Plan June update as presented to Council on the 18<sup>th</sup> of July 2023
- 3.2 Consequently, the Committee requested that the following changes to the monthly dashboard and 6 weekly full report to Council.
- 3.2.1. A confidence rating be applied to the information supplied for each work-package with a clear key.
  - 3.2.2. Overall risk to Council rating by work-package – with a clear key.

3.2.3. Mitigation measures to reduce the risk or increase the confidence rating for each work-package

### 3.3 Confidence Rating

3.3.1. In terms of a confidence rating, we have changed to a Low, Medium, high scale

### 3.4 Risk

3.4.1. When identifying risks, the following risk categories should be used to prompt risk thinking,

- Financial & Economic
- Health and Safety
- Legal Compliance
- Political reputation
- Human Resources
- Operations
- Information (Communication, IT and data)
- Environment (natural disasters, industry change, cultural and demographic change, central government change)

3.4.2. Overall risk to Council is based upon the Risk Matrix as shown in the following table:

	Consequences				
Probability/ Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
	1	2	3	4	5
Likely	M	H	E	E	E
Moderate	M	H	H	E	E
Rare	L	M	H	E	E
Very Rare	L	L	M	H	E
Unanticipated	L	L	M	H	E

L = Low M = Moderate H = High E = Extreme

#### 3.4.3. Likelihood.

Likelihood is the probability or frequency of the risk event occurring. It's usually rated in terms of an annual occurrence and a percentage chance of the event happening within a specified timeframe.

Information on past-experience and frequency and future trends may inform the assessment of likelihood.

The following criteria are intended to provide a common understanding and application of assessments of likelihood.

Likelihood Criteria	%
(1) Unanticipated	0 – 10
(2) Very Rare	10 – 25
(3) Rare	25 – 75
(4) Moderate	75 – 90
(5) Likely	90 – 100

#### 3.4.4. Impact.

Also called severity or consequences, the impact (y-axis) aims to determine the level of effects that the risk could cause.

1. **Insignificant** – minor or negligible consequences
2. **Minor** – consequences
3. **Moderate** – consequences
4. **Major** – consequences
5. **Catastrophic** – consequences

The following table gives guidance into the impact assessment for the different categories of risk above.









Risk consequence assessment criteria					
Rating →	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Risk category↓					
<b>Financial / Economic</b>	Loss less than \$5,000 or less in any 12-month period.	Loss \$5,000 to \$50,000 in any 12-month period.	Loss \$50,000 to \$200,000 in any 12-month period.	Loss \$200,000 to \$1m in any 12-month period.	Loss of \$1m or greater in any 12-month period.
<b>Health &amp; Safety</b>	Minor incident, no medical attention needed.  No impact on public health and safety.  Event report to Health & Safety officer.	Incident incurring minor injury, short term sickness, or requiring moderate medical attention and up to 2 weeks.  Event report to Health & Safety officer.	Incident requiring significant medical attention and 2 weeks to 3 months impact, or minor effect on many people.  Event report and investigation to Health & Safety officer.	Serious injury or hospitalisation to several people.  Serious harm event with 3 + months impact to persons.  Serious harm event report and investigation submitted to Health & Safety officer.	Loss of life.  Wide-spread injury or illness.  Event report and event investigation to Health & safety officer.
<b>Human Resources</b>	Permanent staff turnover of 0 to 10% p.a.  Can be absorbed within normal operations, minimal impact.	Permanent staff turnover 10 to 15% p.a.  Minor incident contained with local resources.	Permanent staff turnover 15 to 20% p.a.  Significant impact likely to be of medium-term significance to the organisation and require additional resource.	Permanent staff turnover 20 to 30% p.a.  Important organisation targets cannot be achieved. Substantial organisational changes and/or additional resource needed.	Permanent staff turnover exceeds 30% p.a.  Organisation targets cannot be achieved.  Substantial organisational changes and/or additional resource needed.
<b>Legal</b>	WDC sued or fined less than \$5,000.	WDC sued or fined between \$5,000 to \$50,000.	WDC sued or fined between \$50,000 to \$200,000.	WDC sued or fined between \$200,000 to \$1m.	WDC sued or fined in excess of \$1m.













Risk consequence assessment criteria					
Rating →	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Risk category↓					
<b>Reputation</b>	Negative reaction from individuals or local interest groups.	Loss of confidence among sections of the community  Negative media coverage nationwide for up to 2 days  Local adverse political comment and/or media coverage for several days.	A manageable loss in community confidence.  Negative media coverage nationwide for several days.  Regional adverse political comment and/or media coverage for a week.	Major loss in community confidence requiring substantial time to remedy.  Negative media coverage nationwide for up to 2 weeks  Nationwide adverse political comments for several days	Insurmountable loss in community confidence.  Negative media coverage nationwide for more than 2 weeks.  Nationwide adverse political comment for more than 1 week.
<b>Operational</b>	Isolated loss of operational capability.  No effect on strategic goals and only temporary effect on level of service.  In the case of essential services (such as water supply) impact of < 3 hrs to < 100 people.	Loss of operational capability in some areas.  Strategic goals and levels of service temporarily affected.  In the case of essential services (such as water supply) impact of 3 – 12 hrs to < 100 people, or < 3 hrs to > 100 people or key customers.	Substantial loss of operational capability for 1 to 2 weeks.  Serious disruption to strategic goals and LOS.  In the case of essential services (such as water supply) impact of 12 – 24 hrs to < 100 people, or 3 – 12 hrs to > 100 people or key customers.	Substantial loss of operational capability for 2 to 4 weeks.  Serious disruption to strategic goals and LOS.  In the case of essential services (such as water supply) impact of 24 – 72 hrs to < 100 people, or 12 – 24 hrs to > 100 people or key customers.	Substantial loss of operational capability for over 4 weeks.  Serious disruption to strategic goals and LOS.  In the case of essential services (such as water supply) impact of > 72 hrs to ≥ 100 people.
<b>Project impacts</b>	Negligible impact on project objectives.	Minor effects relatively easily rectified.	Some project objectives affected.	Important project objectives cannot be achieved.	Project objectives cannot be met.
<b>Natural environment</b>	Localised short term reversible damage to aquatic and/or terrestrial ecosystems, and/or visual effects.  No identifiable reduction in species.	Localised minor reversible damage to aquatic and/or terrestrial ecosystems.  Temporary reduction to one species.	Moderate environmental damage, local importance.  Prosecution possible.  Widespread medium term reversible damage to aquatic and/or	Major effect and, long term impact.  Prosecution expected. Widespread long term reversible damage to aquatic and/or terrestrial ecosystems.	Serious damage of national importance and irreversible impact.  Prosecution expected.  Widespread irreversible damage to aquatic and/or terrestrial









Risk consequence assessment criteria					
Rating →	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Risk category↓					
			terrestrial ecosystems. Moderate reduction in one or more species.	Significant reduction in one or more species.	ecosystems. Permanent loss of one or more species.



















## 4. DASHBOARD









Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
<b>The EOC (emergency Operations Centre).</b>	Local Controller					High	Low
	<p>Update</p> <p>Council spent \$76,000 on external costs in running the EOC and \$170,000 in staff wages and salaries. The cost of running the EOC is not claimable. The \$76,000 is additional costs the \$170,000 is repurposed staff time.</p> <p>Risk and Mitigation</p> <p>Risk is low as costs have already been incurred.</p>						
<b>NEMA – Welfare</b>	Local Controller					High	Low
	<p>Update</p> <ul style="list-style-type: none"> <li>\$477,000 in funding has been received from NEMA for expenditure of \$480,000 leaving Council to fund the remaining \$3,500 the balance of costs has been recharged to other external parties such as NZ Police FENZ.</li> <li>Some \$102,000 of unfunded expenditure has been submitted for funding under the NIWE fund administered by MPI.</li> </ul> <p>Risk and Mitigation</p> <p>Provision for a fourth claim to NEMA if required.</p> <p>Application under NIWE fund for expenditure incurred by Council that falls outside of the NEMA reimbursement guidelines. and effort from our service providers.</p>						









Work-Package	Lead	Work-Package Status					Information confidence	Risk
		Scope	Resources	Schedule	Cost			
<b>Recovery office</b>	Wairoa Recovery Manager						High	Low
<p>Update</p> <p>The Recovery Office is not externally funded. Where possible costs have been recorded under DIA funded work packages below.</p> <p>Going on these budgets the forecasts to date Council has funded \$18,000 for the recovery office. See work packages below.</p> <p>Risk and Mitigation</p> <p>Funding from DIA towards recovery hub and Comms costs have enabled many of the costs that would otherwise have come under this work-package to be recorded and funded to Recovery Hub and Comms work packages below funded by DIA.</p>								
<b>Recovery Hub</b>	Wairoa Recovery Manager						High	Low
<p>Update</p> <p>Funding has been obtained from DIA for \$250,000</p> <p>Team has been in place for several months. However, the delay in securing the team has impacted the schedule of work.</p> <p>Risk and Mitigation</p> <p>To keep costs down resources have been seconded from external agencies with no cost to Council.</p> <p><a href="#">We have approached DIA to outline the need for further funding in 2024/25. It is envisaged that the resourcing of the recovery office will be scaled back by this time.</a></p>								
<b>Community Communication, Engagement and Hui</b>	Recovery Manager						High	Low
<p>Update</p> <p>Funding received from DIA \$450,000 so programme can be resourced at little or no cost to Council. Where possible team members have been seconded or funded from third parties such as MSD and Te Whatu Ora. We have allocated \$50,000 of this funding to consultation and engagement with the community on Flood Mitigation. Consequently, forecast spend in this work package indicates an overspend in budget by June 2024 but this is offset in the savings in the Recovery Hub.</p>								





Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
	<p>Risk and Mitigation</p> <p>DIA has provided us with considerable latitude as to what costs can be covered under this funding. This covers a range of activities and costs that would otherwise have had to be funded under the Recovery Office budget.</p> <p>We have approached DIA to outline the need for further funding in 2024/25. It is envisaged that the resourcing of the recovery office will be scaled back by this time.</p>						
<b>Mayors Fund</b>	EA (Office of the Mayor)					High	Low
	<p>Update</p> <p>Some \$1.047m has been distributed to date with a further \$0.88m on hand to distribute.</p> <p>The panel is considering the request to ringfence a portion of the fund to help meet the anticipated shortfall of the Red Cross Fund to complete basic rebuild costs.</p> <p>Risk and Mitigation</p> <p>Panel decision using funding matrix as displayed on Councils website. Minutes kept of decisions.</p>						
<b>Red Cross-Liveable Homes</b>	Recovery Manager					High	Major
	<p>Update</p> <p>Possibility that the funds received may not cover the uninsured cost of getting our whānau back into their houses. Funding specifies eligible expenditure by category but does not extend to all work required to rehouse affected whānau. This is a particular issue for our whānau who are under insured or have no insurance.</p> <p>There are still unknowns, and now we have people in the team who are trying to fill in the gaps as quickly as we can. We are working across the community agencies to help us do this.</p> <p>There are also a number who are underinsured, and others who are uninsured due to the cost of insurance.</p> <p>To add to the complexity there are a few different players operating in this space.</p> <p>We continue to work to close the information gaps.</p> <p>Risk and Mitigation</p>						

Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
		<p>Red Cross funding matrix has been created and approved to ensure consistency amongst claimants and to speed up the process.</p> <p>Availability of workforce and tradespeople remains a challenge.</p> <p>Sourcing additional funds from other philanthropic groups and other agencies remains a work in progress.</p>					
<b>MPI – Isolated Communities</b>	Resilience Pou Lead					High	Low
	<p>Update</p> <p>The project is split into three categories Isolated Communities expenditure incurred post 1 May 2023. Provision for future Isolated Communities expenditure due to potential new events between now and the end of the year. Approximately \$150,000 targeted for resilience programme for future events. This resilience programme is targeted to areas outside of the eight Community hubs covered under the second MPI grant. This includes items such as, undertaking a needs assessment for these more individual remote communities. Then procuring and delivering items to those remote communities.</p> <p>To date some \$102,000 of unclaimable expenditure under the NEMA – Welfare fund has been applied for under this work package.</p> <p>Risk and Mitigation</p> <p>The challenge for this project was the three-month timeframe to complete. An extension to March 2024 has been obtained.</p> <p>Recovery has a little over two weeks to uplift the remaining funds. An agreed program of work is in place with MPI to achieve this address this risk.</p>						
<b>MPI - Community Hub Resilience</b>	Resilience Pou Lead					High	Low
	<p>Update</p> <p>Initially covers eight resilience hubs identified in the application.</p> <p>Monthly reporting to MPI.</p> <p>An extension to March 2024 has been obtained.</p>						

Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
		<p>One community has secured its own funding this impacts funding from DIA as the grant is limited to 100,000 per hub.</p> <p>As there are now only 7 Community Hubs to be funded Recovery is working with MPI representatives finalise a funding variation between the two MPI grants.</p> <p>Risk and Mitigation</p> <p>Work programme has been developed. Monthly reporting to MPI. The challenge for this project is the timeframe to complete.</p> <p>Recovery has a little over two weeks to uplift the remaining funds. An agreed program of work is in place with MPI to achieve this address this risk.</p>					
<b>Temporary Accommodation Solutions</b>	Building Control Manager (Council) and Enabled Wairoa TToTW					High	Low
	Update	<p>TAS placement of units has slowed down considerably as demand has decreased.</p> <p>Risk and Mitigation</p> <p>These processes are being managed by Enabled Wairoa and TToTW with exemptions being lodged with WDC.</p>					
<b>Land Categorisation</b>	Mayor & CE					Medium	Moderate
	Update	<p>Land Classification project is linked to the outcome of the flood mitigation project.</p> <p>Risk and Mitigation</p> <p>Treasury has confirmed that \$70 million has been ring-fenced for flood mitigation/protection solutions for Wairoa. It is expected once a plan is confirmed there will be no Category 2 properties in Wairoa. However, there is an ongoing risk that flood mitigation works will not sufficiently cover all affected properties, and that ongoing weather events will add</p>					

Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
	complexity.						
<b>Flood Mitigation</b>	Mayor & CE					Low	Catastrophic
	<p>Update</p> <p>Treasury has confirmed that \$70m has been ring-fenced for Wairoa flood mitigation.</p> <p>Council has engaged Ross Browne of Triplex Consulting to assist preparing WDC input into the HBRC independent Flood Scheme Review, working in conjunction with WSP. Significant inherent programme management risks and exposure to cost overruns.</p> <p><a href="#">Options have been presented in Wairoa. Draft report from Andrew Newman presented to Council in workshop.</a></p> <p>Risk and Mitigation</p> <p>Tripartite discussions with HBRC and TToTW Trust are ongoing to ensure this is locally led and co-designed. Significant inherent programme management risks and exposure to cost overruns, with the whole process expected to take several years.</p> <p><a href="#">Regional Recovery Agency (RRA) has proposed an Order in Council to streamline consenting processes to accelerate the programme. RRA is funding shared legal representation.</a></p>						
<b>NEMA - Solid Waste Management Fund</b>	GM Assets and Infrastructure (Council)					High	Low
	<p>Update</p> <p><a href="#">Councils Claims have been accepted. This work package is now closed.</a></p> <p>Risk and Mitigation</p> <p><a href="#">Nil</a></p>						

Work-Package	Lead	Work-Package Status					Risk
		Scope	Resources	Schedule	Cost	Information confidence	
HBRC - Extreme Weather Event Recovery Activity (Silt & Debris)	GM Assets and Infrastructure (Council)					Medium	Major
<p>Update</p> <p>A total of \$9.4M has been secured and is ringfenced for this work. \$5m has been paid and we have good reporting lines and tracking data for silt. High confidence that \$9.4M will be fully utilised. No overruns envisaged at this stage however potential asbestos issues and associated costs remain a risk to budget.</p> <p>Silt cleared from storage areas such as the Railway yard.</p> <p>Debris from stripping houses expected to increase over coming months. Potential asbestos issues and associated costs remain a risk to budget.</p> <p>Recovery is working with HBRC to see if the deadline for this fund could be extended.</p> <p>On Sunday 11<sup>th</sup> of February, the Government announced a further package of \$63million for removal of silt and debris from areas affected by Cyclone Gabrielle with \$3m ringfenced for Wairoa. These funds have been gone to HBRC for work to be undertaken in the Wairoa area.</p> <p>Risk and Mitigation</p> <p>Comms have commenced for a final push on removing silt from under houses.</p> <p>Actual spend will be determined by the amount of silt and debris still to be collected.</p> <p>There is also a time limit on this fund which expires 30 June 2024. As such, time is of the essence.</p>							
Infrastructure – Transport / Roothing	GM Assets and Infrastructure (Council)					High	Major
<p>Update</p> <p>The initial \$16m response funding has been used well to get access back in most locations, and to help with cashflow, a cost-scope adjustment request has been made and Council were successful in securing \$31m extra at 100% FAR. Funding for final reinstatement is being discussed with Waka Kotahi, likely to require Council share. Crown funding allocated for Te Reinga Bridge repair \$14m. if the cost of repair exceeds \$14m then the difference will be at Councils expense. Continual rain events are hampering progress. <a href="#">Expenditure of the \$31m extra secured currently sits at \$17m. there is a drive to get this</a></p>							

Work-Package	Lead	Work-Package Status					
		Scope	Resources	Schedule	Cost	Information confidence	Risk
		<p>work complete before the end of June 2024, as the way forward beyond this date is uncertain. Spend to date \$38.1m</p> <p>Risk and Mitigation</p> <p>Resources available to deliver the work alongside BAU programmes Future funding after the \$31m is an unknown which is a risk</p>					
<b>Infrastructure – 3 Waters</b>	GM Assets and Infrastructure (Council)					Medium	Major
	<p>Update</p> <p>No external funding available at this stage, critical infrastructure is needing work so this is an area of concern. Dependent on insurance to cover work done. Information is ready to be submitted for insurance claim. Ongoing work is being done at same locations such as clearing silt from pipes.</p> <p>Survey being undertaken at Wairoa and Mahia Wastewater ponds to determine quantum of silt ingress.</p> <p>The December 2023 Quarterly report has been submitted to NEMA. Feedback to their questions is being progressed.</p> <p>NEMA have finalised the threshold for Wairoa District Council \$324,995 for 60/40 government funding threshold, based on WDC confirmation of the capital value of the rating units at \$4,333,259,830.</p> <p>Contact has been made with AON representatives on the process template for such a claim. We are awaiting a response.</p> <p>The main point from the project summaries was around progress on the Wairoa wastewater pond desludging as that is likely to determine the size of WDC's 60/40 claim.</p> <p>Risk and Mitigation</p> <p>Insurance outcome is an unknown and therefore a potentially significant risk</p>						



## Key

	Green	Amber	Red
<b>Scope</b>	Current approved in-scope items can be delivered in full	Minor changes to core specification of quality of capability that will be delivered	Major changes to core specification of quality or capability that will be delivered
<b>Costs</b>	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s within +/- 5% of approved spend up to a value of \$50k	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s within +/- 10% of approved spend up to a value of \$100k	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s is greater than +/- 10% of approved spend or greater in value of \$100k
<b>Schedule</b>	Major milestones remain on track to meet the approved timelines	Major milestones are at risk however mitigating activities are in place in an effort to meet the approved dates	There is certainty that Major milestones have missed or will miss the approved dates
<b>Resourcing</b>	Workpackage resourced adequately and project team is performing to a high standard	Workpackage resourcing will cause a slip to schedule or cost or variance in scope if not	Workpackage resourcing is causing variance to schedule, cost or scope
<b>Confidence</b>	The overall confidence that the workpackage will deliver on its aims and objectives within scope, on cost, and on schedule	There are concerns that the workpackage may not deliver on its aims and objectives within scope, on cost, and on schedule. There are mitigation strategies in place to bring the workpackage back to "green"	There are significant issues in one or more of areas of scope, cost, or scheduling. The Workpackage is unlikely to achieve its objectives. There are mitigation strategies in place will not bring the workpackage back to "green"

**8.2 MONTHLY REPORT TO 31 JANUARY 2024**

**Author:** Jacobus Maree-Meyer, Finance Manager

**Authoriser:** Gary Borg, Pouwhakarae - Putea | Tautawhi Rangapu Group Manager  
Finance and Corporate Support

**Appendices:** 1. Monthly Report 31 January 2024 [↓](#)

**1. PURPOSE**

- 1.1 This report provides information for Committee on Council's operating financial performance for the 7 months to 31 January 2024. No decisions are required by Committee at this stage.
- 1.2 This is an information report-only because it provides an update on Council's progress against objectives established and decisions previously made in the Annual Plan 2023-24 and Long-term Plan 2021-31.

**RECOMMENDATION**

The Finance Manager RECOMMENDS that Committee receive the report.

**2. BACKGROUND**

- 2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002. Monitoring financial performance on Council's behalf is included in the Committee's Terms of Reference.
- 2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial performance and position.
- 2.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.
- 2.4 The Month Report to 31 January 2024, attached as Appendix 1, sets out the financial results.

# MONTHLY REPORT

TO 31 January 2024



## WAIROA

ABOUT THIS DOCUMENT

This report covers the period 1 July 2023 through 31 January 2024.



# NGĀ TAUĀKĪ PŪTEA

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## FINANCIAL STATEMENTS

# HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 31 January 2024

	YTD 31 January 2024 \$000	Annual Plan** 31 January 2024 \$000	Variance		30 June 2023 \$000
			\$000	%	
<b>Revenue</b>					
Rates revenue	10,888	10,888	-	0%	16,530
Subsidies and grants	33,601	17,139	16,462	96% <b>A</b>	39,836
Petrol tax	47	47	-	0%	77
Fees and charges	1,966	1,882	84	4%	2,516
Investment revenue	664	689	(25)	-4%	536
Miscellaneous revenue	-	-	-	0%	622
<b>Total revenue</b>	<b>47,166</b>	<b>30,645</b>	<b>16,521</b>	<b>54%</b>	<b>60,117</b>
<b>Expense</b>					
Water supply	1,829	1,512	317	21% <b>B</b>	2,713
Stormwater	528	568	(40)	-7%	645
Wastewater	1,710	1,612	98	6%	2,734
Solid waste	1,528	1,625	(97)	-6%	2,457
Transport	30,568	8,590	21,978	256% <b>C</b>	33,832
Community facilities	1,838	1,896	(58)	-3%	2,877
Planning and regulatory	4,718	2,057	2,661	129% <b>D</b>	9,062
Leadership and governance	2,386	2,528	(142)	-6%	3,192
Corporate	822	724	98	14% <b>E</b>	1,018
<b>Total expense</b>	<b>45,927</b>	<b>21,112</b>	<b>24,815</b>	<b>112%</b>	<b>58,530</b>
<b>Net surplus / (deficit) before taxation</b>	<b>2,348</b>	<b>9,533</b>			<b>1,587</b>
Subvention income	-	-	-	0%	1,000
<b>Net surplus / (deficit) for the year</b>	<b>2,348</b>	<b>9,533</b>			<b>2,587</b>
<b>Other comprehensive revenue and expense</b>					
Fair value movement – property, plant, and equipment	-	-			142,927
<b>Total comprehensive revenue and expense for the year</b>	<b>2,348</b>	<b>9,533</b>			<b>145,514</b>

### Variance explanations (actual YTD compared to YTD annual plan)

#### \*\* Annual Plan

**Phasing Approach:** Phasing in the annual plan is predominantly executed evenly over the 12 months. It's important to note that this even phasing may result in certain higher-than-expected variances. However, we anticipate a decrease in these variances as we progress through the year.

**Recovery Cost Considerations:** Recovery costs were included at a net value. Only amounts anticipated not to be recoverable were included in the plan.

**A Subsidies and grants** exceed expectations by \$16.5 million, a 96 % variance, primarily due to ongoing arrangements with Waka Kotahi covering response and recovery costs, including extreme weather events. The majority of this variance relates to additional funding from Waka Kotahi, amounting to \$15.9 million.

#### Major subsidies and grants recognised to date:

- ❖ Transport: Waka Kotahi/NZTA \$26.9 million
- ❖ MBIE: Gemmels Building \$2.3 million
- ❖ Recovery: HBRC - Extreme Weather Event Recovery \$1.9 million
- ❖ Campground upgrade: \$541 thousand, spread between DIA Better off (limited to \$250 thousand) and MBIE
- ❖ Tairāwhiti Adventure Trust: Mahia Recreational Spaces project \$274 thousand
- ❖ Recovery: Red Cross - Liveable homes \$285 thousand

- B Water supply** exceeds the budget by \$317 thousand. Most of this can be attributed to higher depreciation costs due to a difference in valuation used during the Annual Plan and what was received at the end of the financial year and used for actual calculations. In addition, operations and maintenance costs are also above expectations as we proceed with recovery work earnestly, but this work is included in the annual plan evenly phased during the 12 months of the year.
- C Transport cost** exceeded the budget by \$22 million, a substantial 256%, as mentioned under A. This is primarily due to the impact of weather events from weather events in the prior financial year. Waka Kotahi is funding a significant part of this spending at a rate ranging from 95% to 100% FAR (Funding Assistance Rate), leading to an increase in **subsidy and grants in A**.
- D Planning and regulatory costs** exceed expectations by \$2.7 million, representing a 129% variance. This increase is primarily attributed to the \$1.8 million incurred for the collection of waste from properties and higher landfill operation costs. Most of the recovery-specific cost centres fall under this activity. As mentioned earlier in the notes, recovery costs were included at a net value (income less expenditure), and here you will find the gross expenditure allocated, with income reflected at a gross level under Subsidies and Grants.
- E Corporate expenditure** is \$98 thousand 14% higher than expected. This is made up from various smaller amounts that should draw back in-line as we move closer to year end.

## HE TAUĀKĪ TŪ PŪTEA

## STATEMENT OF FINANCIAL POSITION

As at 31 January 2024

	YTD 31 January 2024 \$000	Annual Plan 31 January 2024 \$000	30 June 2023 \$000	Variance	
				\$000	%
<b>Current Assets</b>					
Cash and cash equivalents	12,965	135	13,688	12,830	99%
Inventories	74	82	71	(8)	-11%
Assets held for sale	18	18	18	-	0%
Trade and other receivables	13,948	4,624	13,550	9,324	67%
Financial assets at fair value	1,025	1,831	351	(997)	-39%
<b>Total current assets</b>	<b>28,030</b>	<b>6,690</b>	<b>27,678</b>		
<b>Current liabilities</b>					
Trade and other payables	16,590	7,392	16,416	9,198	55%
Borrowings	1,500	1,500	11,500	-	0%
<b>Total current liabilities</b>	<b>18,090</b>	<b>8,892</b>	<b>27,916</b>		
Working Capital	9,940	(2,202)	12,142		
<b>Non-current assets</b>					
Property, plant and equipment	449,516	316,644	455,018	123,078	27%
Work in progress	13,437	23,231	6,093		
Investment in subsidiary	1,250	1,250	1,250	-	0%
Loan to related party			1,036		
Investment property	355	(1)	361	356	100%
Biological asset - forestry	115	115	115	-	0%
Intangible assets	14	12	568	2	14%
Financial assets at fair value	1,508	1,699	742	(191)	-13%
<b>Total non-current assets</b>	<b>466,195</b>	<b>342,950</b>	<b>465,183</b>		
<b>Non-current liabilities</b>					
Trade and other payables			49	-	0%
Landfill aftercare	1,378	703	1,378	675	49%
Borrowings	17,526	10,776	7,526	6,750	39%
<b>Total non-current liabilities</b>	<b>18,904</b>	<b>11,479</b>	<b>8,953</b>		
<b>Net assets</b>	<b>457,231</b>	<b>329,269</b>	<b>455,992</b>		
<b>Represented by</b>					
<b>Equity</b>	<b>457,231</b>	<b>329,269</b>	<b>455,992</b>		

## Variance explanations (actual YTD compared to YTD annual plan)

A noticeable difference exists between the Year-to-Date (YTD) actuals and the YTD annual plan, mainly due to timing differences affecting the opening balances during the formulation of the annual plan and the closing balances as of June 30, 2023. In addition, two key points also requires mentioning:

- Cyclone Recovery was substantively excluded from the annual plan because there was too much uncertainty when the plan was adopted. This affects cash, receivables, payables, and borrowings.
- The finalization of Property, Plant, and Equipment (PPE) valuation occurred in October 2023, and was significantly higher than the indices applied in the Annual Plan.



## HE TAUĀKĪ MANA TAURITE

### STATEMENT OF CHANGES IN EQUITY

For the period ended 31 January 2024

	YTD 31 January 2024 \$000	Annual Plan 31 January 2024 \$000	30 June 2023 \$000
<b>Total equity - opening balance</b>	<b>455,992</b>	<b>319,745</b>	<b>310,478</b>
Net surplus (deficit) for period	1,239	9,524	2,587
Other comprehensive income	-	-	142,927
<b>Total comprehensive income (Bold this row please)</b>	<b>1,239</b>	<b>9,524</b>	<b>145,514</b>
<b>Total equity - closing balance</b>	<b>457,231</b>	<b>329,269</b>	<b>455,992</b>
<b>Components of equity</b>			
<b>Ratepayer's equity</b>			
Ratepayer's equity - opening balance	163,798	161,550	163,343
Net surplus/(deficit) for period	1,239	9,524	2,587
Transfers to special <b>reserves</b>	700	-	(3,717)
Transfers from special <b>reserves</b>	(9,674)	-	1,585
Transfer from revaluation reserve	-	-	-
<b>Ratepayer's equity - closing balance</b>	<b>156,063</b>	<b>171,074</b>	<b>163,798</b>
<b>Special reserves</b>			
Special reserves - opening balance	24,656	22,525	22,524
Transfer to ratepayer's equity	9,674	-	(1,585)
Transfer from ratepayer's equity	(700)	-	3,717
<b>Special reserves - closing balance</b>	<b>33,630</b>	<b>22,525</b>	<b>24,656</b>
<b>Revaluation reserves</b>			
Revaluation reserves - opening balance	267,538	135,670	124,611
Net transfer to ratepayer's equity	-	-	-
Revaluation recognised in other comprehensive revenue and expense	-	-	142,927
<b>Revaluation reserves - closing balance</b>	<b>267,538</b>	<b>135,670</b>	<b>267,538</b>
<b>Total equity - closing balance</b>	<b>457,231</b>	<b>329,269</b>	<b>455,992</b>

## HE TAUĀKĪ KAPEWHITI

## STATEMENT OF CASHFLOWS

For the period ended 31 January 2024

		YTD 31 January 2024 \$000	30 June 2023 \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>	Rates received	10,888	16,369
	Other revenue	35,216	36,494
	Investment income	664	1,536
	Subvention income		50
<i>Cash was applied to:</i>	Payments to suppliers and employees	(39,182)	(40,924)
	Interest paid	(561)	(481)
<b>Net cash flows from operating activities</b>		<b>7,025</b>	<b>13,044</b>
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>	Sale of property, plant, and equipment		-
	Insurance proceeds	-	-
	Sale of financial assets	-	1,735
<i>Cash was applied to:</i>	Purchase of financial assets	(404)	(63)
	Purchase of property, plant, and equipment	(7,344)	(12,776)
	Purchase of intangibles	-	(551)
	Loans made to subsidiary	-	(1,036)
<b>Net cash flows from investing activities</b>		<b>(7,748)</b>	<b>(12,691)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>	Loans raised	-	10,526
<i>Cash was applied to:</i>	Borrowings repaid	-	(1,500)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(723)	9,379
Cash and cash equivalents at beginning of year		13,688	4,309
<b>Cash and cash equivalents at end of period</b>		<b>12,965</b>	<b>13,688</b>
Made up of:			
	Cash	12,965	13
	Short term deposits	-	13,675
<b>Cash and cash equivalents at end of period</b>		<b>12,965</b>	<b>13,688</b>

Up to now in the year, the Council's day-to-day operations have resulted in a net cash outflow of \$723 thousand.



# HE TAUĀKĪ WHAKAAWEAWE PŪTEA

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## FUNDING IMPACT STATEMENTS

### Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding to be used for the 2022/23 financial year, and how this funding is to be applied. Council's sources of operating funding include items such as fees and charges, and its applications of operating funding include items such as payments to staff and suppliers. Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets. The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item. The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 (WHOLE OF COUNCIL)

	2022/23 LTP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	11,920	11,777	12,726	13,049	7,613	7,613
Targeted rates (other than a targeted rate for water supply)	4,807	4,750	5,311	5,616	3,276	3,276
Subsidies and grants for operating purposes	5,864	30,418	6,030	6,676	3,894	27,978
Fees and charges	2,377	2,513	2,441	3,227	1,882	2,118
Interest and dividends from investments	701	1,641	698	1,183	689	664
Local authorities fuel tax, fines, infringement fees, and other receipts	87	97	90	80	47	47
<b>Total operating funding (A)</b>	<b>25,756</b>	<b>51,196</b>	<b>27,296</b>	<b>29,830</b>	<b>17,401</b>	<b>41,696</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	22,618	48,097	23,551	27,437	17,260	39,842
Finance costs	1,323	166	1,436	839	358	578
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>23,941</b>	<b>48,263</b>	<b>24,987</b>	<b>28,276</b>	<b>17,618</b>	<b>40,420</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,815</b>	<b>2,933</b>	<b>2,309</b>	<b>1,554</b>	<b>(217)</b>	<b>1,276</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	5,843	9,924	6,948	22,704	15,512	5,515
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	252	(1,868)	(440)	409	(11,357)	(457)
Gross proceeds from sale of assets	37	-	47	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,132</b>	<b>8,056</b>	<b>6,555</b>	<b>23,113</b>	<b>4,155</b>	<b>5,058</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	599	146	-	105	112	3
- to improve the level of service	2,885	3,189	3,898	4,038	1,249	4,260
- to replace existing assets	6,292	9,237	8,732	24,706	3,742	2,832
Increase (decrease) in reserves	(1,829)	(1,583)	(3,766)	(4,178)	(1,165)	(761)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,947</b>	<b>10,989</b>	<b>8,864</b>	<b>24,671</b>	<b>3,938</b>	<b>6,334</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,815)</b>	<b>(2,933)</b>	<b>(2,309)</b>	<b>(1,557)</b>	<b>217</b>	<b>(1,276)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR WATER SUPPLY

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	156	154	165	165	96	96
Targeted rates (other than a targeted rate for water supply)	1,407	1,390	1,486	1,481	864	864
Subsidies and grants for operating purposes	-	83	-	-	-	-
Fees and charges	357	387	366	365	213	208
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	131	-	126	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	14	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,051</b>	<b>2,028</b>	<b>2,143</b>	<b>2,010</b>	<b>1,173</b>	<b>1,168</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	1,182	1,402	1,223	1,190	700	855
Finance costs	55	-	57	-	-	-
Internal charges and overheads applied	413	344	449	413	242	271
Internal interest charged	-	76	-	43	25	44
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,650</b>	<b>1,822</b>	<b>1,729</b>	<b>1,646</b>	<b>967</b>	<b>1,170</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>401</b>	<b>206</b>	<b>414</b>	<b>364</b>	<b>206</b>	<b>(2)</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	216	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(370)	(193)	(371)	(364)	(205)	(23)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(370)</b>	<b>23</b>	<b>(371)</b>	<b>(364)</b>	<b>(205)</b>	<b>(23)</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	31	(0)	-	-	-	-
- to improve the level of service	528	166	53	11	6	-
- to replace existing assets	140	154	849	1,072	429	-
Increase (decrease) in reserves	(668)	(91)	(859)	(1,082)	(434)	(25)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>31</b>	<b>229</b>	<b>43</b>	<b>0</b>	<b>1</b>	<b>(25)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(401)</b>	<b>(206)</b>	<b>(414)</b>	<b>(364)</b>	<b>(206)</b>	<b>2</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(545)	(659)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR STORMWATER

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	30	29	30	39	23	23
Targeted rates (other than a targeted rate for water supply)	267	264	267	349	204	204
Subsidies and grants for operating purposes	-	-	-	250	146	-
Fees and charges	-	-	-	-	-	2
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	70	-	71	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>367</b>	<b>293</b>	<b>368</b>	<b>638</b>	<b>373</b>	<b>229</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	141	163	122	407	237	150
Finance costs	57	-	59	-	-	-
Internal charges and overheads applied	161	115	176	165	97	107
Internal interest charged	-	70	-	52	30	41
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>359</b>	<b>348</b>	<b>357</b>	<b>624</b>	<b>364</b>	<b>298</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8</b>	<b>(55)</b>	<b>11</b>	<b>14</b>	<b>9</b>	<b>(69)</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(8)	150	42	351	316	72
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(8)</b>	<b>150</b>	<b>42</b>	<b>351</b>	<b>316</b>	<b>72</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	95	-	-	112	3
- to improve the level of service	-	-	-	-	-	-
- to replace existing assets	-	-	53	418	213	-
Increase (decrease) in reserves	-	-	-	(53)	-	-
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>95</b>	<b>53</b>	<b>365</b>	<b>325</b>	<b>3</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(8)</b>	<b>55</b>	<b>(11)</b>	<b>(14)</b>	<b>(9)</b>	<b>69</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(205)	(230)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR WASTEWATER

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	233	230	238	235	137	137
Targeted rates (other than a targeted rate for water supply)	2,095	2,070	2,145	2,212	1,290	1,290
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees and charges	-	35	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	33	-	43	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,361</b>	<b>2,335</b>	<b>2,426</b>	<b>2,447</b>	<b>1,427</b>	<b>1,427</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	1,334	1,519	1,297	1,489	867	892
Finance costs	200	-	200	-	-	-
Internal charges and overheads applied	312	313	340	308	180	205
Internal interest charged	-	257	-	67	39	150
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,846</b>	<b>2,089</b>	<b>1,837</b>	<b>1,864</b>	<b>1,086</b>	<b>1,247</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>515</b>	<b>246</b>	<b>589</b>	<b>583</b>	<b>341</b>	<b>180</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	487	-	104	61	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(95)	(197)	(486)	(583)	(402)	(177)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(95)</b>	<b>290</b>	<b>(486)</b>	<b>(479)</b>	<b>(341)</b>	<b>(177)</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	259	50	-	-	-	(0)
- to improve the level of service	52	265	1,369	104	-	4
- to replace existing assets	161	415	140	80	31	20
Increase (decrease) in reserves	(52)	(194)	(1,406)	(80)	(31)	(21)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>420</b>	<b>536</b>	<b>103</b>	<b>104</b>	<b>-</b>	<b>3</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(515)</b>	<b>(246)</b>	<b>(589)</b>	<b>(583)</b>	<b>(341)</b>	<b>(180)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(526)	(463)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 24 FOR WASTE MANAGEMENT

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	115	114	157	175	102	102
Targeted rates (other than a targeted rate for water supply)	1,038	1,026	1,413	1,574	918	918
Subsidies and grants for operating purposes	-	-	-	-	-	42
Fees and charges	711	745	758	1,102	643	721
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	16	-	15	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,880</b>	<b>1,885</b>	<b>2,343</b>	<b>2,851</b>	<b>1,663</b>	<b>1,783</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	1,605	1,849	1,875	2,366	1,377	1,305
Finance costs	83	-	84	35	-	-
Internal charges and overheads applied	228	182	248	227	132	150
Internal interest charged	-	64	-	40	45	37
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,916</b>	<b>2,095</b>	<b>2,207</b>	<b>2,668</b>	<b>1,554</b>	<b>1,492</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(36)</b>	<b>(210)</b>	<b>136</b>	<b>183</b>	<b>109</b>	<b>291</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	571	224	96	(63)	(108)	(292)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>571</b>	<b>224</b>	<b>96</b>	<b>(63)</b>	<b>(108)</b>	<b>(292)</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	309	-	-	20	-	-
- to improve the level of service	-	19	-	-	-	1
- to replace existing assets	252	5	380	100	58	4
Increase (decrease) in reserves	(26)	(10)	(148)	-	(57)	(6)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>535</b>	<b>14</b>	<b>232</b>	<b>120</b>	<b>1</b>	<b>(1)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>36</b>	<b>210</b>	<b>(136)</b>	<b>(183)</b>	<b>(109)</b>	<b>(291)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(71)	(78)



## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR TRANSPORT

	2021/22 AP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 AP YTD \$000	2022/23 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	4,211	4,161	4,568	4,742	2,766	2,766
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-
Subsidies and grants for operating purposes	5,785	23,231	5,949	5,943	3,467	24,810
Fees and charges	43	38	54	55	31	20
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	38	-	45	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>10,077</b>	<b>27,430</b>	<b>10,616</b>	<b>10,740</b>	<b>6,264</b>	<b>27,596</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	7,414	25,186	7,609	7,933	4,615	25,804
Finance costs	65	-	105	183	-	-
Internal charges and overheads applied	1,655	1,452	1,805	1,603	933	1,085
Internal interest charged	-	82	-	52	140	48
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,134</b>	<b>26,720</b>	<b>9,519</b>	<b>9,771</b>	<b>5,688</b>	<b>26,937</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>943</b>	<b>710</b>	<b>1,097</b>	<b>969</b>	<b>576</b>	<b>659</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	5,843	7,186	6,895	18,693	10,904	2,171
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	98	(306)	307	(469)	(8,001)	(867)
Gross proceeds from sale of assets	9	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,950</b>	<b>6,880</b>	<b>7,202</b>	<b>18,224</b>	<b>2,903</b>	<b>1,304</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	2,289	289	2,408	3,893	1,221	429
- to replace existing assets	5,365	8,281	6,720	16,937	2,696	2,026
Increase (decrease) in reserves	(761)	(980)	(829)	(1,637)	(438)	(492)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,893</b>	<b>7,590</b>	<b>8,299</b>	<b>19,193</b>	<b>3,479</b>	<b>1,963</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(943)</b>	<b>(710)</b>	<b>(1,097)</b>	<b>(969)</b>	<b>(576)</b>	<b>(659)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(2,903)	(3,631)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR COMMUNITY FACILITIES

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	3,104	3,067	3,220	3,732	2,177	2,177
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-
Subsidies and grants for operating purposes	25	110	26	33	14	43
Fees and charges	72	53	73	76	38	49
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	11	-	11	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,212</b>	<b>3,230</b>	<b>3,330</b>	<b>3,841</b>	<b>2,229</b>	<b>2,269</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	2,574	2,275	2,635	2,573	1,551	1,500
Finance costs	47	-	47	2	-	-
Internal charges and overheads applied	349	358	379	315	183	201
Internal interest charged	-	18	-	11	8	11
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,970</b>	<b>2,651</b>	<b>3,061</b>	<b>2,901</b>	<b>1,742</b>	<b>1,712</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>242</b>	<b>579</b>	<b>269</b>	<b>940</b>	<b>487</b>	<b>557</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	394	-	628	367	471
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(207)	(720)	(234)	(862)	(828)	(534)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(207)</b>	<b>(326)</b>	<b>(234)</b>	<b>(234)</b>	<b>(461)</b>	<b>(63)</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	1	-	85	-	-
- to improve the level of service	16	310	16	20	12	453
- to replace existing assets	198	111	214	1,222	67	103
Increase (decrease) in reserves	(179)	(169)	(195)	(621)	(53)	(62)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>35</b>	<b>253</b>	<b>35</b>	<b>706</b>	<b>26</b>	<b>494</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(242)</b>	<b>(579)</b>	<b>(269)</b>	<b>(940)</b>	<b>(487)</b>	<b>(557)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(130)	(126)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR PLANNING AND REGULATORY

	2022/23 AP \$000	2022/23 Actual \$000	2023/24 LTP \$000	2023/24 AP \$000	2023/24 AP YTD \$000	2023/24 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	1,084	1,071	1,148	1,048	612	612
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	5,990	-	-	-	2,939
Fees and charges	775	790	762	1,303	761	752
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	-	7	-	-	-	4
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,859</b>	<b>7,858</b>	<b>1,910</b>	<b>2,351</b>	<b>1,373</b>	<b>4,307</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	1,476	8,054	1,483	2,555	1,496	4,382
Finance costs	12	11	12	-	-	7
Internal charges and overheads applied	650	774	684	402	234	246
Internal interest charged	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,138</b>	<b>8,839</b>	<b>2,179</b>	<b>2,957</b>	<b>1,730</b>	<b>4,635</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(279)</b>	<b>(981)</b>	<b>(269)</b>	<b>(606)</b>	<b>(357)</b>	<b>(328)</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	279	981	269	606	357	328
Gross proceeds from sale of assets	14	-	25	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>293</b>	<b>981</b>	<b>294</b>	<b>606</b>	<b>357</b>	<b>328</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-
- to replace existing assets	46	7	84	-	-	(0)
Increase (decrease) in reserves	(32)	(7)	(59)	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>14</b>	<b>(0)</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>(0)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>279</b>	<b>981</b>	<b>269</b>	<b>606</b>	<b>357</b>	<b>328</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(47)	(84)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR LEADERSHIP AND GOVERNANCE

	2021/22 AP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 AP YTD \$000	2022/23 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	2,749	2,716	2,843	3,344	1,952	1,952
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-
Subsidies and grants for operating purposes	54	744	56	450	267	135
Fees and charges	244	158	249	87	58	215
Internal charges and overheads recovered	-	-	-	-	-	-
Internal interest income	-	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,047</b>	<b>3,618</b>	<b>3,148</b>	<b>3,881</b>	<b>2,277</b>	<b>2,302</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	1,245	1,871	1,209	3,110	3,010	1,267
Finance costs	12	-	12	4	-	-
Internal charges and overheads applied	1,706	1,292	1,839	1,914	1,117	1,104
Internal interest charged	-	5	-	-	2	3
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,963</b>	<b>3,168</b>	<b>3,060</b>	<b>5,028</b>	<b>4,129</b>	<b>2,374</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>84</b>	<b>450</b>	<b>88</b>	<b>(1,147)</b>	<b>(1,852)</b>	<b>(72)</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	1,571	53	3,003	4,019	2,267
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	(84)	(13)	(88)	2,050	(2,167)	1,095
Gross proceeds from sale of assets	-	-	21	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(84)</b>	<b>1,558</b>	<b>(14)</b>	<b>5,053</b>	<b>1,852</b>	<b>3,362</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	-	2,008	53	10	-	3,290
- to replace existing assets	18	-	77	3,907	4	-
Increase (decrease) in reserves	(18)	-	(56)	(10)	(4)	-
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>2,008</b>	<b>74</b>	<b>3,907</b>	<b>-</b>	<b>3,290</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(84)</b>	<b>(450)</b>	<b>(88)</b>	<b>1,147</b>	<b>1,852</b>	<b>72</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(15)	(12)

## FUNDING IMPACT STATEMENT FOR 1 JULY 2023 TO 31 JANUARY 2024 FOR CORPORATE FUNCTIONS

	2021/22 AP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 AP YTD \$000	2022/23 YTD \$000
<b>Sources of operating funding</b>						
General rates, uniform annual general charges, rates penalties	238	235	357	(432)	(252)	(252)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	260	-	-	-	9
Fees and charges	175	307	179	239	138	151
Internal charges and overheads recovered	5,712	5,078	6,168	5,509	3,421	3,493
Internal interest income	84	701	84	350	201	408
Interest and dividends from investments	701	1,641	698	1,183	689	664
Local authorities fuel tax, fines, infringement fees, and other receipts	87	83	90	80	47	47
<b>Total operating funding (A)</b>	<b>6,997</b>	<b>8,305</b>	<b>7,576</b>	<b>6,929</b>	<b>4,244</b>	<b>4,520</b>
<b>Applications of operating funding</b>						
Payments to staff and suppliers	5,647	5,778	6,098	5,814	3,407	3,687
Finance costs	792	155	862	615	358	571
Internal charges and overheads applied	239	249	248	158	81	123
Internal interest charged	382	135	391	86	134	79
Other operating funding applications	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,060</b>	<b>6,317</b>	<b>7,599</b>	<b>6,673</b>	<b>3,980</b>	<b>4,460</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(63)</b>	<b>1,988</b>	<b>(23)</b>	<b>256</b>	<b>264</b>	<b>60</b>
<b>Sources of capital funding</b>						
Subsidies and grants for capital expenditure	-	70	-	276	161	606
Development and financial contributions	-	-	-	-	-	-
Increase (decrease) in debt	68	(1,793)	23	(256)	(319)	(59)
Gross proceeds from sale of assets	14	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>82</b>	<b>(1,723)</b>	<b>23</b>	<b>20</b>	<b>(158)</b>	<b>547</b>
<b>Application of capital funding</b>						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	-	133	-	-	10	83
- to replace existing assets	112	265	214	971	244	679
Increase (decrease) in reserves	(93)	(132)	(214)	(695)	(148)	(155)
Increase (decrease) of investments	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>19</b>	<b>265</b>	<b>-</b>	<b>276</b>	<b>106</b>	<b>607</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>63</b>	<b>(1,988)</b>	<b>23</b>	<b>(256)</b>	<b>(264)</b>	<b>(60)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following depreciation/amortisation charge					(250)	(269)

**8.3 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2024**

**Author:** Jacobus Maree-Meyer, Finance Manager

**Authoriser:** Gary Borg, Pouwhakarae - Putea | Tautawhi Rangapu Group Manager  
Finance and Corporate Support

**Appendices:** 1. WDC 30 June 2024 Audit Plan [↓](#)

**1. PURPOSE**

- 1.1 To present to the Committee the proposed timetable for the preparation and audit of the Annual Report for the year ending 30 June 2024.
- 1.2 This matter is presented to the Committee in support of its obligations under its Terms of Reference to monitor Council's audit programme and oversee the compilation of the Annual Report.
- 1.3 Although no decisions are required from the Committee, it has a critical role in ensuring that effective oversight is applied to the integrity and timeliness of the process and the information contained in the final Annual Report that is recommended for adoption by Council.

**RECOMMENDATION**

The Finance Manager RECOMMENDS that Committee receives the External Audit Plan for the year ended 30 June 2024.

**2. BACKGROUND**

- 2.1 The proposed audit plan has been prepared by Council's external auditor and is attached as **Appendix 1**. This sets out the auditor's responsibilities to Council and its approach to the audit, quality assurance and risk management.

**3. RISK MANAGEMENT**

- 3.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter pertain to legislative compliance and Council's reputation, arising from the potential failure to adopt an Annual Report within the Statutory Timeframes

Human	Financial	Regulatory
Low	Considerable	High
Operations	Employees	Image & Reputation
Considerable	Low	High

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.






# Wairoa District Council

Audit Plan for the year ending 30 June 2024



WELCOME



Dear Members of the Finance, Audit & Risk Committee  
(‘the Committee’)


We are pleased to present our Audit Plan (‘Plan’) for the audit of the financial statements and service performance information of Wairoa District Council (‘WDC’) for the year ending 30 June 2024. This Plan outlines the scope of our services, identifies Ernst & Young (‘EY’) professionals that will serve you and presents our understanding of some key considerations that will affect the 30 June 2024 audit. We look forward to our meeting with the Committee on 26 March to discuss our Plan, the scope of our work, confirm your current expectations and make certain that our efforts are aligned with your expectations.


We conduct our audit in accordance with the Auditor General’s auditing standards which incorporate International Standards on Auditing (New Zealand). Our audit will be conducted to provide reasonable assurance that the financial statements and service performance information for the year ending 30 June 2024 are free of material misstatement.

Our plan has been prepared based on our understanding of WDC and the local government sector. We have considered, and will continue to consider, WDC’s current and emerging operating risks and assess those that could materially affect the financial statements and performance reporting and align our procedures accordingly. The Plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high quality audit you expect.


Should you have any questions or comments, please do not hesitate to contact me on 021 923 431 (David).


Yours faithfully





David Borrie  
Partner  
19 March 2024





Shabib Shahul  
Senior Manager  
19 March 2024

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# EXECUTIVE SUMMARY

Wairoa District Council  
For the year ending 30 June 2024

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## AREAS OF AUDIT FOCUS



key focus areas identified that remain broadly consistent with the prior year

The Areas of Audit Focus and the level of complexity or management judgement to be applied are:

- ▶ Recovery and Other Grants
- ▶ Infrastructure assets
- ▶ Rates setting, invoicing and collection
- ▶ Non-financial performance reporting

HIGH  
MEDIUM  
MEDIUM  
MEDIUM

See Areas of Audit Focus section for details on other areas of audit focus

## Audit of Financial Statements and Service Performance Information

Our audit will be conducted to provide reasonable assurance as to whether the financial statements and statement of service performance of the Council for the year ending 30 June 2024 are free of material misstatement.

### Trustee reporting

We have an obligation to provide a report to the Trustee in relation to the Council's debt at the completion of our audit.

## AUDIT SCOPING



## ENGAGEMENT AND FEE



David Borrie and Shabib Shahul continue as your audit executives and will be supported by Claire Wright.

Our Audit Proposal Letter issued in 2023 covering the years 2023, 2024 and 2025 continues to remain in effect this year.

## PLANNING MATERIALITY



\$2.3M

Our planning materiality has been set at \$2.3m, calculated at 3% of forecast expenditure. The basis for calculating planning materiality is consistent with the prior year. We will report all audit differences over \$115k to the Committee.

## INDEPENDENCE



We will confirm our independence throughout the audit and remain in compliance with the NZICA Code of Ethics and the Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (Including International Independence Standards)* (New Zealand) independence requirements and the Auditor General's independence requirements.



Planned Audit Approach

- We will perform the following audit procedures to validate the revenue and recovery works cost recognised during the year:
- ▶ Obtain any new agreements, amendments or correspondence between WDC and central government or other providers in respect of funding approved.
  - ▶ Review WDC's procedures for revenue recognition and monitoring the conditions of the various grants.
  - ▶ Review WDC's approach to filing insurance claims for physical damage.
  - ▶ Check, on a sample basis, that revenue is being recognised in line with obligations/undertakings being satisfied.
  - ▶ Examine cost claims from Waka Kotahi, on a sample basis, to check the expenditure is allowed to be claimed and that the funding assistance rate applied is appropriate.
  - ▶ For a sample of revenue recognised in the year across all grants, vouch receipt of funds to cash received.
  - ▶ Carry out an assessment of the reasonability of Waka Kotahi income and its completeness in consideration of the levels of costs incurred for the period.
  - ▶ Asses the disclosures in the annual report in relation to each funding agreement is in line with relevant accounting standards.

Relevant accounting standards: PBE IPSAS 23 Revenue from Non-Exchange Transactions  
Level of complexity or management judgement: **HIGH**

Recovery and Other Grants

Background

- ▶ Wairoa has had a number of unprecedented weather events in recent years, which has required a significant quantum of recovery works in order to open key roads and renew Council assets to keep the district connected.
- ▶ Cyclone Gabrielle was one of the most destructive events experienced in the region last year and Wairoa continues to recover, with ongoing recovery works across all areas of the district particularly in land transport, water supply and flood protection required to build resilience.
- ▶ Waka Kotahi provides emergency funding, on an as-needed basis subject to approval based on estimated costs and does not necessarily cover 100% of costs incurred in remediation. Such funding is provided on the basis the work will return the roads to the previous condition and not improve the level of service from the damaged road. Waka Kotahi has monitoring and compliance requirements in order to provide funding, which is claimed in arrears based on actual amounts incurred.
- ▶ In the half year to 31 December 2023, WDC received the following funding for various initiatives across the district, being:
  - ▶ \$23m from Waka Kotahi in roading subsidies through both Normal Funding Assistance Rates (FAR) and special funding towards recovery activity.
  - ▶ \$1.9m from Ministry of Business, Innovation and Employment (MBIE) towards the rebuild of Gemmels on Parade.
  - ▶ Additional extreme weather event recovery funding of \$1.7m from Hawkes Bay Regional Council
- ▶ Council have a number of considerations to make including:
  - ▶ Assessment of the extent of damage, anticipated costs and priorities of work to be completed
  - ▶ Funding the shortfall of any costs not recoverable from central government or other funding, including how this funding source aligns with Council's funding and treasury policies
  - ▶ The ability and reporting available to monitor various recovery works funding in line with the requirements of each funding provider
  - ▶ Cashflow ability to make upfront payments and claim these back from each funding provider in arrears (where applicable)



Planned Audit Approach

Infrastructure assets

Our understanding

- ▶ Infrastructure assets dominate Wairoa District Council's balance sheet with the total carrying value of the infrastructure assets at 31 December 2023 being \$462m.
- ▶ Infrastructure assets are held at fair value less accumulated depreciation and are revalued on a systematic basis in line with Council's accounting policy. The infrastructure assets were last valued at 30 June 2023. However, significant movements in replacement costs may require Council to reassess whether current carrying values of infrastructure assets approximate fair values. Council is in the process of engaging an independent specialist to undertake a review of unit cost factors to assess if there may be indications that a revaluation is required in the current financial year.
- ▶ The integrity of the classification of maintenance and/or capital expenditure is critical given the nature and useful life of work carried out. This is particularly relevant to expenditure incurred on roading and pipeline assets.
- ▶ The Three waters reform was repealed by the Government and a new 'Local Water Done Well' plan was announced in February 2024. The new plan is expected to be enacted in two stages, with a framework and transitional arrangement enacted in mid-2024 and an enduring setting and transition introduced in December 2024 and enacted in mid-2025, respectively. There continues to be several points of detail to be worked through and the uncertainty this creates may need to be disclosed in the Annual Report and Audit Opinion.

Our planned audit procedures for testing infrastructure assets includes:

- ▶ We will review and test the year end reconciliation and roll forward of the Fixed Assets Register to the general ledger, including additions, disposals and depreciation.
- ▶ We will review management's assessment of the assumptions underlying the historical valuations against current asset management plans and recent experience in maintaining those assets to check that values ascribed to the assets remain appropriate. We will also discuss with management potential indicators of impairment at balance date.
- ▶ We will obtain assurance in relation to the appropriateness of Work in progress (WIP) cut-off at balance date and confirm that the carrying value of WIP is supportable in relation to both valuation and that the nature of cost incurred is in line with PBE IPSAS 17.
- ▶ We will review capitalised costs and maintenance expenditure to obtain assurance over the accuracy of cost classification.
- ▶ We will review other significant additions and disposals of assets during the year.
- ▶ We will review the appropriateness of depreciation recognised against the estimated useful life in the Council's latest valuation and other supporting information.
- ▶ Assess capital projects for their impact upon capital commitments and other related disclosures.
- ▶ We will maintain a watching brief on the progress made by the Government in relation to three waters reforms. We will work with Council to check appropriate disclosures are included in the financial statements.

Key Judgements : Key assumptions used in valuations, useful lives of assets and classification of capital and maintenance costs

Relevant accounting standards: PBE IPSAS 17 Property, Plant and Equipment

Level of complexity or management judgement: **MEDIUM**



Planned Audit Approach

Rates setting, invoicing and collection

Background

- ▶ Rates income levied represents the Council’s primary revenue source. There is specific legislation in place which must be adhered to for the rates strike to be legal. In the local authority context, failure to comply with rating law and the associated consultation requirements can create significant risks to the integrity of rates revenue.
- ▶ The requirement for there to be consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the LTP is fundamental because this is the thread that links community consultation to the rates levied by Council forming the core of the Council’s revenue.
- ▶ The accuracy of rates setting is dependent on the integrity of the rates database. The reliability of the billing system should also ensure rates are billed appropriately.
- ▶ Legal challenges against local authorities have identified a range of issues relating to the legislative compliance, and therefore legality of rates sought.
- ▶ Certain rate paying groups present rates collection risk to the Council.

- ▶ We will review the Council’s procedures for ensuring the rates set are in compliance with the Local Government Rating Act and test that the rates set are being applied appropriately to the rating database and invoiced accordingly.
- ▶ We will test the accuracy of the use of underlying valuation information (as prepared by Quotable Value) within the rating database and its applications to the rates that were set.
- ▶ We will assess the setting of rates by Council for the period and how this has been applied to rates debtors and reflected within Council’s annual reporting.
- ▶ We will review the nature and form of the rates resolution and the invoicing of rates in terms of risks that may impact the financial statements.
- ▶ We will test the integrity of the rates debtor management system.
- ▶ We will review any provision for impairment of rates debtors to consider whether it is appropriate in the circumstances.
- ▶ We will assess the appropriateness of any judgmental determinations made in relation to any disputes over rate charges in consideration of correspondence and any other relevant documentation.

Key Judgements: Compliance with the Local Government (Rating) Act and provisioning for outstanding rates debtors

Relevant accounting standards: [PBE IPSAS 23 Revenue from Non-Exchange Transactions](#)

Level of complexity or management judgement: **MEDIUM**





Planned Audit Approach

Our planned procedures over non-financial performance reporting include:

- ▶ Update our understanding of key performance reporting processes and review the collation methodologies applied by Council.
- ▶ Examine, on a sample basis, the Statement of Service Performance to determine that the measures have been reported on and outputs have been achieved where stipulated. For the selected measures, obtain the underlying supporting documentation and review calculations on a test basis.
- ▶ Assess the completeness and effectiveness of the performance framework utilised.
- ▶ Check whether all mandatory performance measures stipulated by the Non-Financial Performance Measures 2013 have been included in Council's reporting.

Key Judgements: measure selection and measurement techniques  
Relevant accounting standards: [PBE FRS 48 Service Performance Reporting](#)  
Level of complexity or management judgement: **MEDIUM**

Non-financial performance reporting

Our understanding

- ▶ The Council is required to report its performance against levels of service expectations and performance measures included in the Long-Term Plan (LTP). These measures are key to the Council providing a "performance story" to the community.
- ▶ Our audit opinion on the service performance report covers compliance with generally accepted accounting practice, and whether or not the service performance report fairly reflects the Council's actual service performance for the period.
- ▶ During the last three years there has been a significant focus on Council's compliance with waste water outflows as well as drinking water compliance (as a result of changing standards).
- ▶ Council is required to report on mandatory measures in relation to drinking water, as governed by the Department of Internal Affairs (DIA). Taumata Arowai became the water services regulator in November 2021 and implemented Drinking Water Quality Assurance Rules, Drinking Water Standards and Aesthetic Values effective November 2022. The transitional provisions of the DIA's guidance no longer apply and the Council is required to report against the new Drinking Water Standards in the FY24 Annual Report. Council have engaged an independent drinking water assessor to perform audits of sufficient regularity to support Council's drinking reporting in the annual report.

Other areas of audit focus



Audit Approach



Areas of Audit Focus



Background



Planned Audit Approach



Audit and consolidation of Quality Roading Services (QRS)

- ▶ The consolidation of QRS into the Council's group financial statements is an important element of the financial statement close process.

- ▶ The QRS financial statements are prepared under NZ IFRS RDR. We will review the approach adopted to consolidate QRS into the Council's group financial statements.
- ▶ We will assess whether all transactions and balances between QRS and Council have been eliminated appropriately in the consolidation.



Core controls over operating expenditure, procurement and tendering

- ▶ Council incurs significant operating costs across a range of activities.
- ▶ Appropriateness of Councilor and management expenditure is an area of interest to ratepayers.
- ▶ The Council's Capital works procurement programme involves significant cash flows.
- ▶ Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit.

- ▶ We will review the incurrence and approval of operational expenditure.
- ▶ We will review the use of credit cards and obtain assurance that expenditure has been incurred for a reasonable purpose.
- ▶ We will review the application of procurement policies.
- ▶ We will review areas of potential sensitivity for appropriateness.
- ▶ Obtain assurance that appropriate processes and controls are in place.
- ▶ For a sample of contracts tendered during the year we will establish an understanding of how the tendering process was managed. This will be completed with reference to the Council's tendering policies and good practice.



## Planned Audit Approach

## Specific Areas of Focus

### Background

- ▶ The OAG each year outlines certain areas of focus to be considered during the audit process. This year areas with relevance to our audit of the Council include:
  - ▶ Fraud
  - ▶ Sensitive expenditure
  - ▶ Legislative compliance
  - ▶ Procurements and conflict of interest
- ▶ The OAG has guidance on the control of sensitive expenditure; *Controlling sensitive expenditure: Guide for public organisations*.

- ▶ Fraud: We will hold discussions with management and other business / accounting process owners to understand and identify management policies and procedures surrounding fraud detection and prevention exist, and whether there had been any instance of fraud that had come to their attention during the year. We will remain alert to fraud indicators throughout the performance of our audit procedures. We will also carry out analytical review procedures to assess whether movements in key account balances are reasonable and in line with our expectations.
- ▶ Sensitive expenditure: We will perform sensitive expenditure testing on a judgmental basis across costs relating to areas such as entertainment and travel.
- ▶ Legislative compliance: Throughout the performance of our audit procedures and discussions with management we will remain aware of any issues in relation to non-compliance with legislation.
- ▶ Procurement and conflict of interest: We will review policies and procedures surrounding procurement and conflict of interests and assess whether these procedures have been applied appropriately.



## Internal Control Environment

The primary responsibility for the design and operating effectiveness of the internal control environment, including the prevention and detection of fraud and error, rests with those charged with governance and management.

We obtain an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit is not designed to express an opinion on the effectiveness of internal control we are required to communicate significant deficiencies in internal control to you.

Our assessment of internal controls covers:

- ▶ The control environment including entity level controls
- ▶ The design and operating effectiveness of internal controls

We provide management with a Report on Control Findings during the audit process, outlining our findings and our recommendations on where improvements in internal controls can be made. Where significant deficiencies come to our attention, we will communicate these to the Committee.

## Assessment of Internal Control Environment

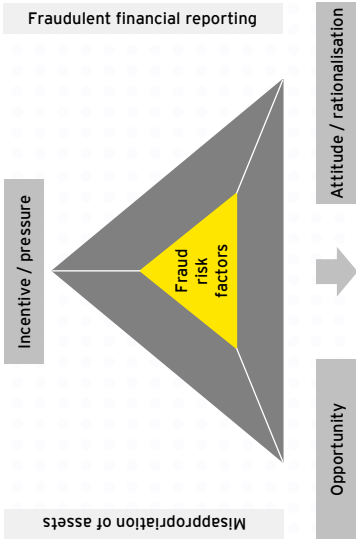
In accordance with the Auditor General's auditing standards, we will perform a review of the design and operating effectiveness of the Council's significant recording and reporting processes.

We will ensure that any significant deficiencies that come to our attention during the course of our audit are communicated to the Committee and management in a timely manner. We will revisit our 2022/2023 control findings during our audit to check if management's responses have been implemented during the year as agreed.

## Assessing the Risk of Fraud

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to provide reasonable assurance that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

When developing our Audit Plan we use professional judgement in determining whether a fraud risk factor is present. We determine fraud risk factors in the context of the three conditions generally present when fraud occurs (i.e., incentive/pressure, opportunity and attitude/rationalisation).



### Our approach to fraud risks are outlined below:

Understanding the business and the control environment - We will enhance this understanding to provide a foundation for our risk assessment. Our understanding includes the business model as well as external factors and internal factors, including the governance and monitoring structures in place.

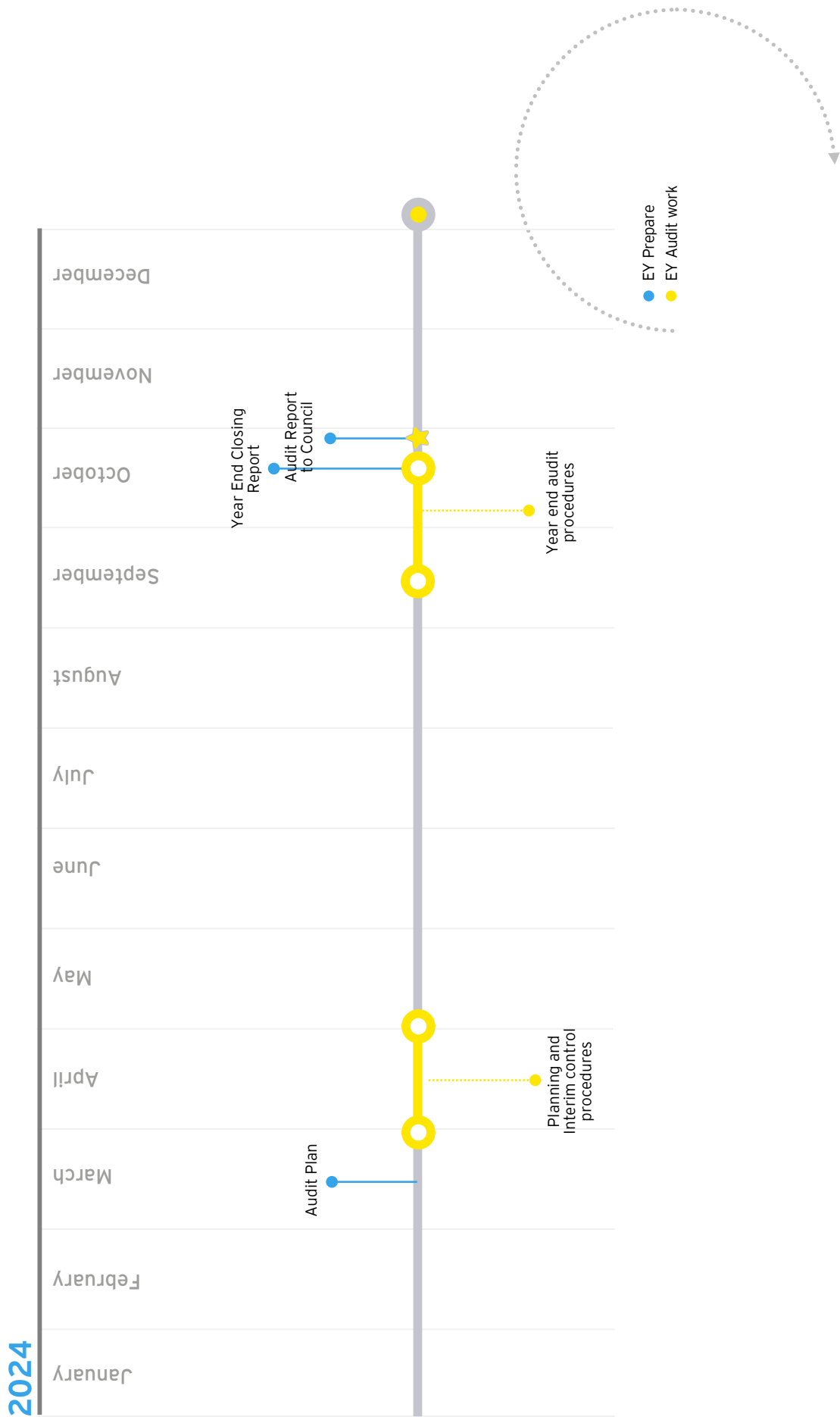
Identification of risks of material misstatement due to fraud - we will challenge risk assessments in line with the current environment, applying the fraud triangle when making these risk assessments, focusing on sources of fraud risk factors.

Responding to risks of material misstatements due to fraud - we will take into account our understanding of the entity's business and its control environment, designing tailored responses to identified risks of fraud and evaluating the reliability of audit evidence obtained.

Identifying and responding to fraud risks in an audit - We will apply data analytics to enhance identification of and response to identified fraud risks.

Communicating identified or suspected fraud - We will report any instances of suspected fraud to management and the Committee in accordance with obligations under both auditing and ethics standards.

# Engagement Execution



# APPENDICES

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A. Independence

Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both Council and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in:

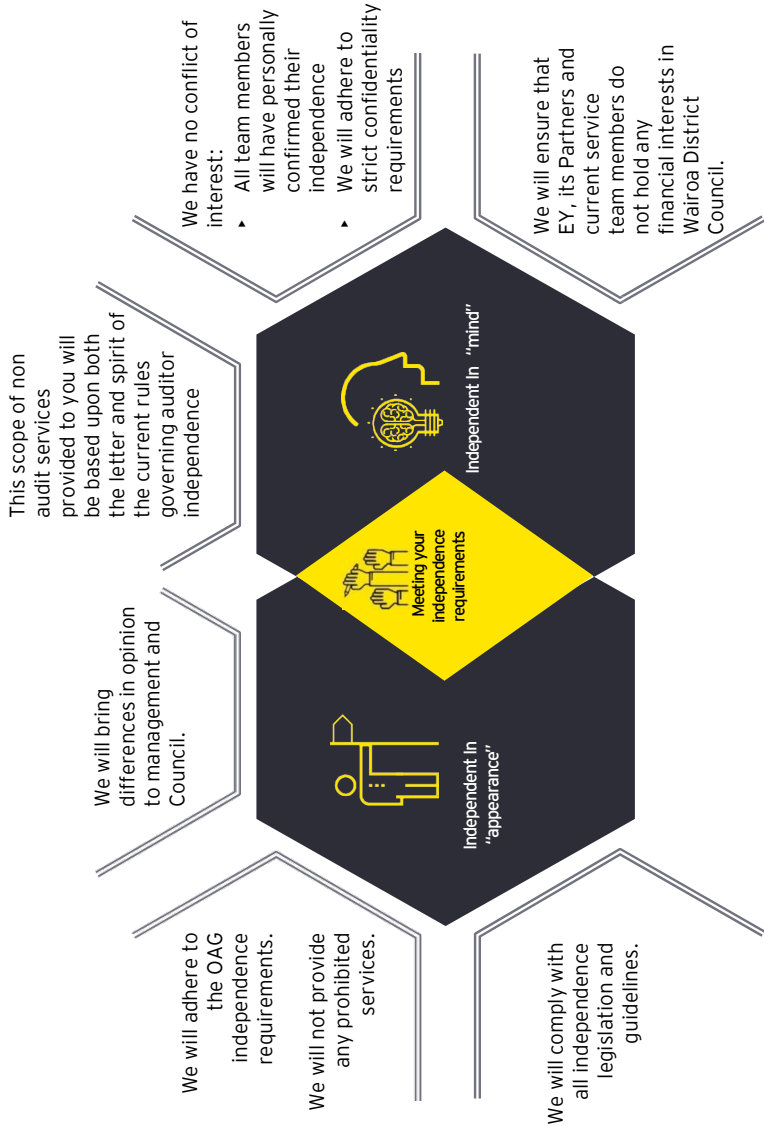
- ▶ PES 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)
- ▶ OAG independence rules

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Committee.

Non-audit services provided by EY are as follows:

	Fee (000's)	Independence threats identified	Actions taken to address the threat and safeguards adopted
Debtenture Trust Deed Reporting	4	Self interest threat	Independent assurance services
Total Fees	4		



B. Focused on Your Future

Regulatory

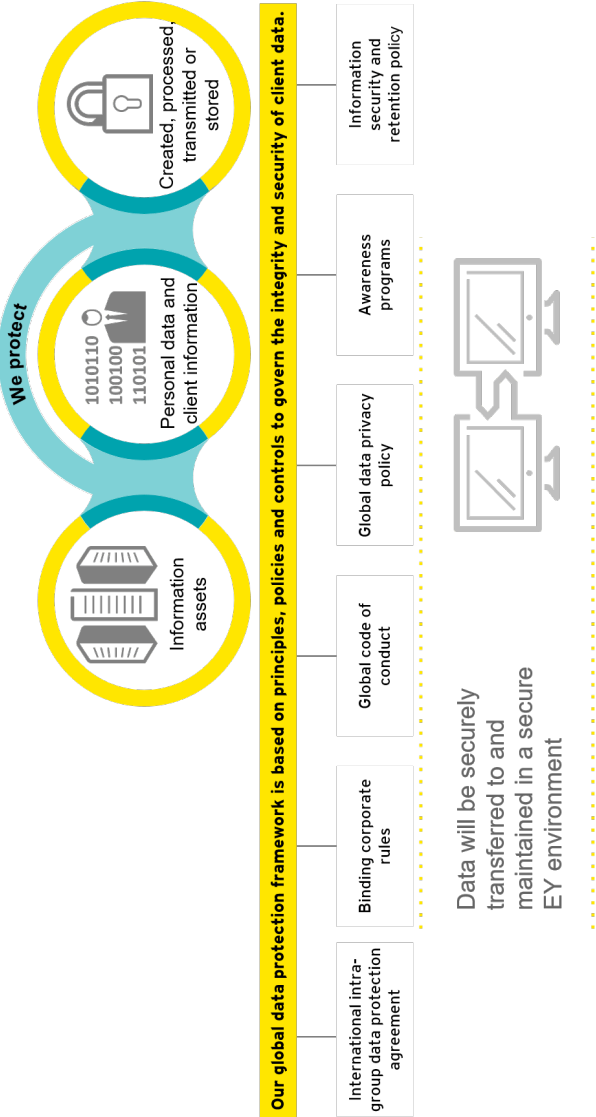
Sector matters

There continues to be ongoing change in the legislative and regulatory space for local authorities	<ul style="list-style-type: none"><li>▶ The Government has established a dedicated water regulator, Taumata Arowai, to help ensure safe drinking water and deliver improved environmental outcomes from New Zealand's wastewater and stormwater systems. In November 2022, new Drinking water Standards became effective which the Council is to report against in FY24.</li><li>▶ The Three waters reform was repealed by the Government and a new 'Local Water Done Well' plan was announced in February 2024. The new plan is expected to be enacted in two stages, with a framework and transitional arrangement enacted in mid-2024 and an enduring setting and transition introduced in December 2024 and enacted in mid-2025, respectively. As such, the three waters assets are expected to remain under Council's control for FY24.</li></ul>
Support and funding relief for regions impacted by Cyclone Gabrielle	<ul style="list-style-type: none"><li>▶ Support continues to be available to Council and individuals in the District for ongoing recovery to the region post Cyclone Gabrielle. Management should continue to consider any accounting or disclosure impact of announcements from Central Government or supporting entities in this respect.</li></ul>
Three-year plan	<ul style="list-style-type: none"><li>▶ Many councils are recovering from severe weather events that caused significant damage to local infrastructure and affected community well-being.</li><li>▶ An Order in Council allows councils, WDC included, that were most affected by the 2023 weather events to prepare an unaudited three-year plan instead of a full Long-Term Plan. WDC are currently in the process of developing their plan for the coming years.</li></ul>

C. Data Security and Privacy

Our ability to provide seamless, consistent, high-quality client service is supported by a well-articulated data privacy and information security strategy. For the audit of the Council the following applies:

- ▶ Access to EY Canvas is restricted to members of the audit team only.
- ▶ Audit relevant information is transferred to EY securely via EY Canvas Client Portal.



D. System of Quality Management

International Standard on Quality Management 1 (ISQM 1) overview

EY’s approach to quality management

Professional and Ethical Standard 3 (“PES 3”, which is the NZ version of ISQM 1) is applicable to all firms that perform audits and other similar engagements. As a result, we are required to design, implement and operate a system of quality management (“SQM”) to provide reasonable assurance that:

- ▶ The member firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
- ▶ Engagement reports issued by the member firm or engagement partners are appropriate in the circumstances

We are also required to monitor, remediate and annually evaluate the SQM as well as communicate to those charged with governance how the SQM supports the consistent performance of quality engagements. The following slides explain our approach and the results of our most recent assessment.

Individuals with SQM roles have the appropriate experience, knowledge, influence and authority, and sufficient time to fulfil their System of Quality Management roles and are accountable for fulfilling their responsibilities.

Key roles within the SQM include:

- ▶ The Country Managing Partner: assigned ultimate responsibility and accountability for the SQM by concluding on its effectiveness.
- ▶ The Country Assurance Managing Partner: assigned operational responsibility for the System of Quality Management. This includes recommending the System of Quality Management annual evaluation conclusion to the Country Managing Partner.
- ▶ The Country Independence leader: assigned operational responsibility for compliance with independence requirements.
- ▶ The Country Professional Practice Director: assigned operational responsibility for monitoring the SQM including concurring with or proposing changes to the recommended SQM annual evaluation conclusion.

EY is dedicated to delivering high-quality audits and assurance engagements and serving the public interest.

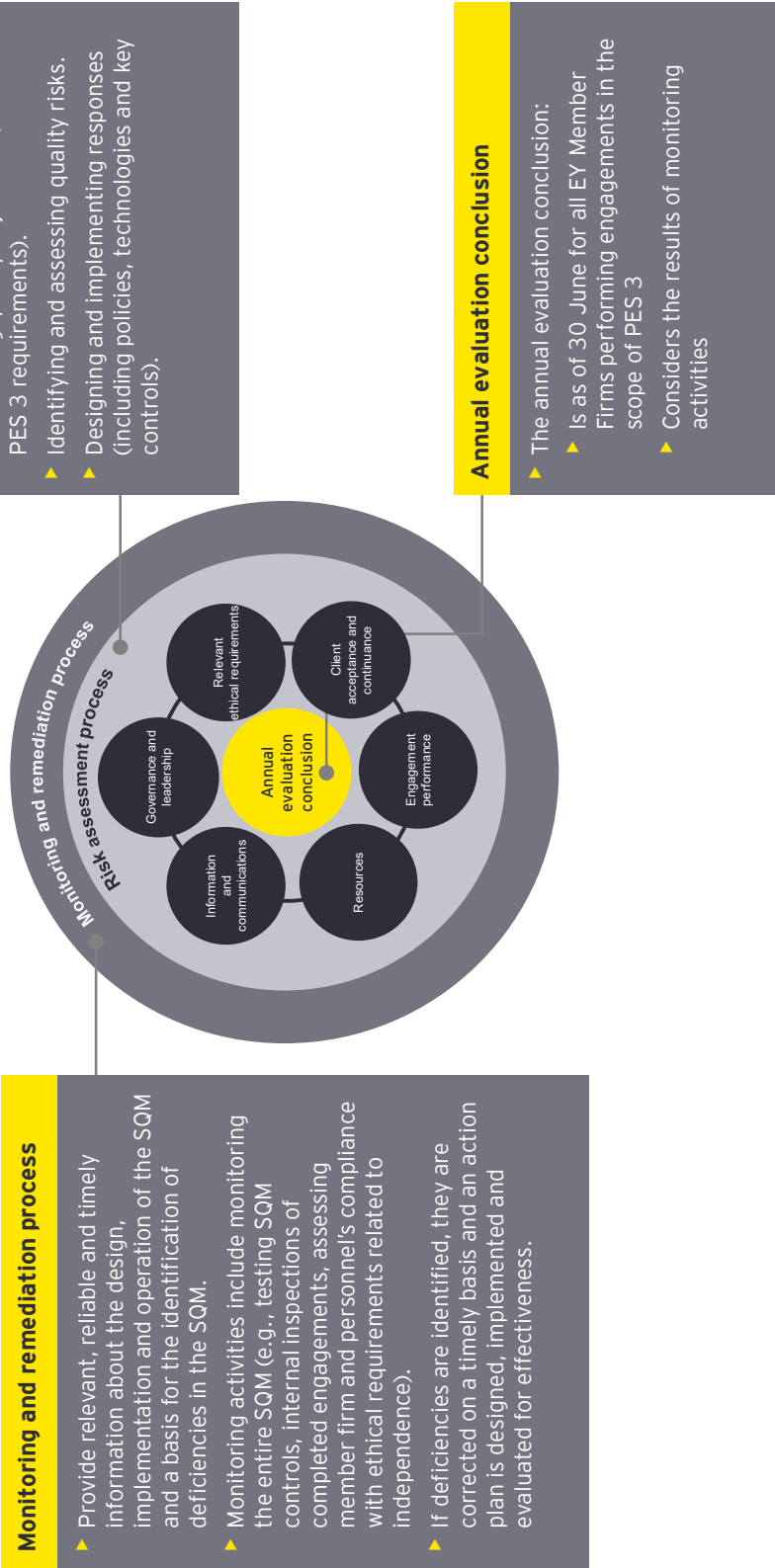


EY member firms, which include the relevant New Zealand firms, are ultimately responsible for the design, implementation, and operation of their SQM, and have the responsibility to:

- ▶ Evaluate policies, technologies, strategies, programs and baseline elements provided to them, and
- ▶ Determine if they need to be supplemented by the member firm to be appropriate for use

D. System of Quality Management (cont.)

SQM processes to support quality audits





D. System of Quality Management (cont.)

SQM annual evaluation conclusion Effective

The annual evaluation conclusion for EY New Zealand is that that the objectives of the System of Quality Management are being achieved as of 30 June 2023 and that they support the consistent performance of quality audits and related engagements.

Note: In the context of the annual evaluation of the SQM, EY New Zealand refers to the following member firms performing audits or reviews of financial statements or other assurance or related services engagements: Ernst & Young (partnership), Ernst & Young Limited and Ernst & Young Strategy and Transactions Limited.

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