



RĀRANGI TAKE AGENDA

Te Komiti Whakamauru Tūraru | Risk and Assurance Committee Meeting

**I hereby give notice that a Meeting of the Te Komiti Whakamauru
Tūraru | Risk and Assurance Committee will be held on:**

Te Rā | Date: Tuesday, 15 October 2024

Te Wā | Time: 9.30am

**Te Wāhi | Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Mark de Haast
Group Manager Corporate Services**

Kāpiti Coast District Council

Notice is hereby given that a meeting of the Te Komiti Whakamauru Tūraru | Risk and Assurance Committee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Tuesday 15 October 2024, 9.30am.

Te Komiti Whakamauru Tūraru | Risk and Assurance Committee Members

Mr David Shand	Chair
Mayor Janet Holborow	Member
Deputy Mayor Lawrence Kirby	Member
Cr Liz Koh	Member
Cr Jocelyn Prvanov	Member
Cr Glen Cooper	Member
Mr David Cochrane	Member

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1 NAU MAI | WELCOME**2 KARAKIA A TE KAUNIHERA | COUNCIL BLESSING**

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro *As we deliberate on the issues before us,*

E pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. *We trust that we will reflect positively on the communities we serve.*

Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, *Let us all seek to be effective and just,*

Ā, mā te māia, te tiro whakamua me te hihiri *So that with courage, vision and energy,*

Ka taea te arahi i roto i te kotahitanga me te aroha. *We provide positive leadership in a spirit of harmony and compassion.*

3 WHAKAPĀHA | APOLOGIES**4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE | DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 NGĀ TEPUTEIHANA | DEPUTATIONS**

Nil

7 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS

(a) Updates from the Chair

(b) Leave of Absence

(c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

8 HE KŌRERO HOU | UPDATES

Nil

9 PŪRONGO | REPORTS

9.1 DRAFT ANNUAL REPORT 2023/24

Kaituhi | Author: **Ian Georgeson, Principal Advisor Corporate Services**

Kaiwhakamana | Authoriser: **Sheryl Gavin, Principal Advisor Corporate Services**

TE PŪTAKE | PURPOSE

- 1 This report seeks the Risk and Assurance Committee's consideration of the draft Annual Report 2023/24 and draft Summary Annual Report 2023/24.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 This report does not require an executive summary.

TE TUKU HAEPAPA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under the Governance Structure, Section C.1.

TAUNAKITANGA | RECOMMENDATIONS

That the Risk and Assurance Committee:

- A. **Notes and receives** this report, including Appendix 1 and 2 to this report.
- B. **Recommends** the draft Annual Report 2023/24 and the draft Summary Annual Report 2023/24 be provided for consideration and adoption by Council on 31 October 2024.
- C. **Delegates** authority to the Chief Executive and Chair of the Risk and Assurance Committee to make minor editorial changes to the draft Annual Report 2023/24 and its summary prior to being submitted to Council for adoption.

TŪĀPAPA | BACKGROUND

- 4 This report outlines Council's financial and non-financial performance for the 2023/24 year against year three of the Long-term Plan 2021-41 (LTP).
- 5 Council is required under the Local Government Act 2002 (the Act) to produce an audited Annual Report and Summary Annual Report.
- 6 Council's auditors Ernst & Young (Audit) have substantially completed their audit of the draft Annual and Summary Annual reports for 2023/24.
- 7 The draft Annual Report 2023/24 (Appendix 1) and the Summary Annual Report 2023/24 (Appendix 2) contain draft unqualified (clean) audit opinions that will be confirmed through the formal Council adoption process on 31 October 2024.

HE KŌRERORERO | DISCUSSION

8 FINANCIAL PERFORMANCE

- Council achieved a non-cash operating surplus of \$85.2 million, including \$82 million non-cash revenue from the vesting of Old State Highway One roading assets.
- Council's net value on 30 June 2024 is \$2.05 billion, with assets valued at \$2.4 billion.
- Capital spend for the 2023/24 financial year was \$81.7 million.
- Net debt (total borrowings less term deposits, borrower notes, and cash) on 30 June 2024 was \$244.6 million, representing 215 percent of operating income against the

upper limit of 280 percent and preferred limit of 250 percent set out in the financial strategy.

- Council retained its S&P Global AA credit rating. The rating again comes with a 'negative outlook', driven by rising infrastructure costs and responsibilities, and uncertainty about central government water reform policy. The negative outlook has no financial consequences on our borrowing costs.
- The Disclosure Statement for the year ending 30 June 2024 presents Council's financial performance in relation to eight prudence benchmarks set by the Department of Internal Affairs to enable assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings. Council met six of the benchmarks.

9 NON-FINANCIAL PERFORMANCE

- Council achieved 79 percent (67 out of 85) of its LTP level of service performance targets for the year. This is a 3 percent increase on the achievement in 2022/23.
- Resident Opinion Survey results from 800 respondents, a statistically representative sample size, show a small decrease in satisfaction from 64 percent in 2022/23 to 63 percent. Three key drivers were identified to have had a negative impact on overall satisfaction in 2023/24, an indication that improvements in these aspects are likely to result in an increase in residents' overall satisfaction in the future. These three aspects in order of impact were the perception that Council is making good decisions, residents' confidence that the district is heading in the right direction, and residents value for money satisfaction.

He take | Issues

10 There are no additional issues arising from this report.

Ngā kōwhiringa | Options

11 There are no options arising from this report.

Mana whenua

12 The mana whenua vision has been included in the draft Annual Report 2023/24.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

13 There are no climate change implications for the Committee to consider.

Ahumoni me ngā rawa | Financial and resourcing

14 There are no financial or funding implications for the Committee to consider.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

15 The draft Annual Report and Summary Annual Report have been prepared to meet the requirements of the Local Government Act 2002 (LGA). Both contain draft unqualified (clean) audit opinions that will be confirmed through the formal Council adoption process on 31 October 2024.

Ngā pānga ki ngā kaupapa here | Policy impact

16 There are no policy implications arising from this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

17 The report has a low level of significance in the Significance and Engagement Policy.

Whakatairanga | Publicity

18 The Annual Report 2023/24 and Summary Annual Report 2023/24 will be made available to the public within one week of Council adoption on 31 October 2024.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Draft Annual Report for 2023/24 (under separate cover) [⇒](#)
2. Draft Summary Annual Report for 2023/24 (under separate cover) [⇒](#)

9.2 AUDIT CLOSE REPORT FOR THE YEAR ENDED 30 JUNE 2024

Kaituhi | Author: **Ian Georgeson, Chief Financial Officer**

Kaiwhakamana | Authoriser: **Sheryl Gavin, Principal Advisor Corporate Services**

TE PŪTAKE | PURPOSE

- 1 This report provides the Risk and Assurance Committee with Ernst & Young's Audit Close Report for the year ended 30 June 2024.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 This report does not require an executive summary.

TE TUKU HAEPAPA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.3.

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Risk and Assurance Committee receives and notes this report including Appendix 1 to this report.

TŪĀPAPA | BACKGROUND

- 4 The Council's Auditors, Ernst & Young (Audit) tabled their audit plan for the year ended 30 June 2024 at the Risk and Assurance Committee meeting on 23 May 2024.
- 5 Audit has now substantially completed their audit of the Council's draft Annual and Summary Annual Report for the year ended 30 June 2024.

HE KŌRERORERO | DISCUSSION

- 6 Audit has confirmed that they will issue an unqualified audit report for the Annual Report and Summary Annual Report for the year ended 30 June 2024, subject to the adequate resolution of the outstanding matters listed in Appendix 1 to this report.
- 7 The 2023/24 Annual Report and 2023/24 Summary Annual Report will be adopted by Council on 31 October 2024.

He take | Issues

- 8 There are no additional issues arising from this report.

Ngā kōwhiringa | Options

- 9 There are no options arising from this report.

Mana whenua

- 10 There are no mana whenua considerations arising from this report.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 11 There are no climate change issues arising from this report.

Ahumoni me ngā rawa | Financial and resourcing

12 There are no financial considerations in addition to those already discussed in this report.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

13 There are no legal and risk issues arising directly from this report.

Ngā pānga ki ngā kaupapa here | Policy impact

14 There are no policy considerations in relation to this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

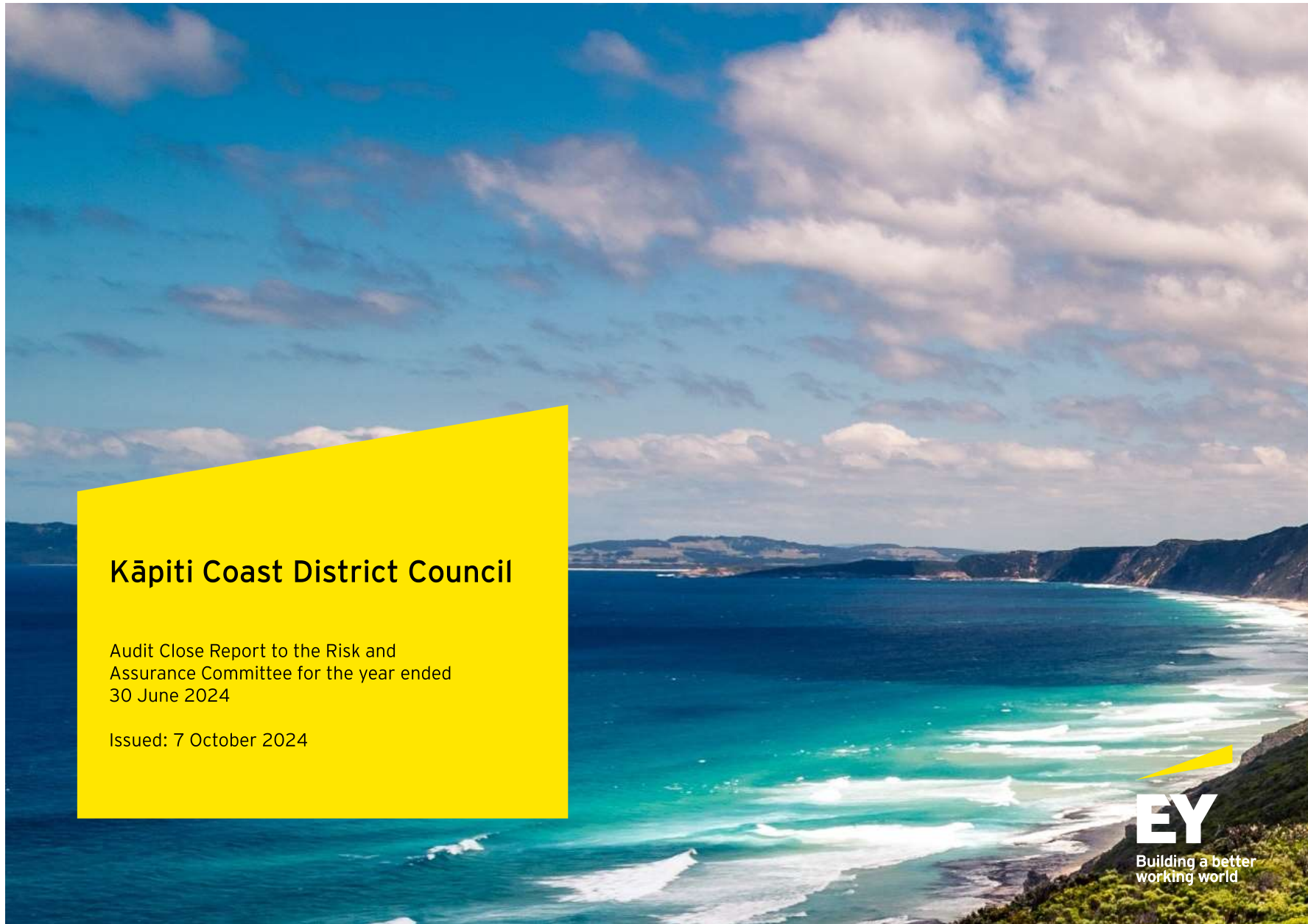
15 The report has a low level of significance under the Council's Significance and Engagement Policy.

Whakatairanga | Publicity

16 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Audit Close Report for the year ended 30 June 2024 [↓](#)



Kāpiti Coast District Council

Audit Close Report to the Risk and Assurance Committee for the year ended 30 June 2024

Issued: 7 October 2024



9.3 EY CONTROL FINDINGS FOR YEAR ENDED 30 JUNE 2024

Kaituhi | Author: **Sharon Foss, Manager Risk and Assurance**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

TE PŪTAKE | PURPOSE

- 1 This report provides the Risk and Assurance Committee with Ernst & Young's Report on Control Findings for the year ended 30 June 2024.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 There is no requirement for an Executive Summary.

TE TUKU HAEPAPA | DELEGATION

- 3 The Risk and Assurance Committee has delegated authority to consider this report under section C.3 of the Governance Structure and Delegations.
 - *Reviewing and maintaining the internal control framework.*
 - *Obtaining from external auditors any information relevant to the Council's financial statements and assessing whether appropriate action has been taken by management in response to the above.*

TAUNAKITANGA | RECOMMENDATIONS

That the Risk and Assurance Committee:

- A. Receives this report, including Ernst & Young's Report on Control Findings for the year ended 30 June 2024, attached as Appendix 1 to this report, and
- B. Notes that:
 - B.1 regular progress updates against the Control Findings will be provided; and
 - B.2 Ernst & Young will re-assess these Control Findings when they complete their audit for the financial year ended 30 June 2025.

TŪĀPAPA | BACKGROUND

- 4 Ernst & Young (EY), as outlined in their annual Audit Plan previously considered by this Committee, have completed their review of the design and operating effectiveness of the Council's significant financial reporting processes as part of their audit for the year ended 30 June 2024.
- 5 The review, completed in accordance with NZ Auditing Standards, reflects areas of focus set by the Auditor General. In addition, EY met with, and reviewed the work of, the Internal Audit Team.
- 6 EY have now issued their Report on Control Findings which comments on the weaknesses they observed in our first line of defence (controls). The findings have been ranked according to the risk that EY has applied to the associated findings.

Ernst & Young – Risk Ranking System	
High	High Risk - Matters and/or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
Moderate	Moderate Risk - Matters and/or issues considered to be of major importance to maintenance of internal control, good corporate governance, or best practice for processes. Action should normally be taken within six months.
Low	Low Risk - A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6 -12 months.

HE KÖRERORERO | DISCUSSION

- 7 While addressing and closing off their 2023/24 audit, EY also reviewed their control findings from the previous 2022/23 year. Results for both reviews are discussed below.

2022/23 Control Findings

- 8 There were three open control findings from the last external audit by EY considered for 'closing' during their audit of the 2023/24 financial year. EY determined that all three remain open with the continued status they had as noted below.

EY Risk Ranking	2022/23 Control Findings	Status at 30 June 2024
Moderate	Accuracy of response and resolution times	Open
Low	Aged work in progress (WIP) review	Open
Low	Overhead rate applied to projects	Open

2023/24 Control Findings

- 9 EY identified one new control finding as part of their audit for the year ended 30 June 2024 and have classified it as low. There is no change to the risk classifications for three control findings carried forward from 2022/23. Those four open control findings are listed below. Further detail of the four open control findings EY considered appropriate for review by management together with the response from the Council to address each finding is in their full report attached as Appendix 1.

EY Risk Ranking	2023/24 Control Findings	Status at 30 June 2024	
		EY Position	Council Response
Moderate	Accuracy of response and resolution times	Carried forward	Accepted
Low	Aged work in progress review	Carried forward	Accepted
Low	Overhead rate applied to projects	Carried forward	Accepted
Low	Approval of Expenditure	New	Accepted

He take | Issues

- 10 This Committee will receive regular progress updates on actions taken by management on these control findings.

Ngā kōwhiringa | Options

- 11 There are no options to be raised in this report.

Mana whenua

- 12 There are no mana whenua considerations arising from this report.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 13 There are no climate change issues arising from this report.

Ahumoni me ngā rawa | Financial and resourcing

- 14 There are no additional financial or resource issues arising from this report.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 15 There are no legal considerations arising from this report.
- 16 None of the findings have been considered as high risk. However, the four control findings do reflect corrective measures needed to Council's first line of defence.

Ngā pānga ki ngā kaupapa here | Policy impact

- 17 There are no policy implications arising from this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

- 18 This matter has a low level of significance under the Council's Significance and Engagement Policy.

Whakatairanga | Publicity

- 19 There are no publicity considerations.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Appendix 1 - Ernst & Young's Report on Control Findings for the year ended 30 June 2024 [↓](#)

10 TE WHAKAŪ I NGĀ ĀMIKI | CONFIRMATION OF MINUTES**10.1 CONFIRMATION OF MINUTES**

Author: Jessica Mackman, Senior Advisor Governance

Authoriser: Mark de Haast, Group Manager Corporate Services

TAUNAKITANGA | RECOMMENDATIONS

That the minutes of the Risk and Assurance Committee meeting of 15 August 2024 be accepted as a true and correct record.

NGĀ ĀPITIHINGA | ATTACHMENTS

1. Unconfirmed Minutes of the Risk and Assurance Committee Meeting of 15 August 2024 [↓](#)

11 TE WHAKAŪNGA O NGĀ ĀMIKI KĀORE E WĀTEA KI TE MAREA | CONFIRMATION OF PUBLIC EXCLUDED MINUTES

12 PURONGO KĀORE E WĀTEA KI TE MAREA | PUBLIC EXCLUDED REPORTS

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>11.1 - Confirmation of Public Excluded Minutes</p>	<p>Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>Section 7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p>	<p>Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

13 KARAKIA WHAKAMUTUNGA | CLOSING KARAKIA

Kia tau ngā manaakitanga ki runga i a tātou katoa,	<i>May blessings be upon us all,</i>
Kia hua ai te mākihikihi, e kī ana	<i>And our business be successful.</i>
Kia toi te kupu	<i>So that our words endure,</i>
Kia toi te reo	<i>And our language endures,</i>
Kia toi te wairua	<i>May the spirit be strong,</i>
Kia tau te mauri	<i>May mauri be settled and in balance,</i>
Ki roto i a mātou mahi katoa i tēnei rā	<i>Among the activities we will do today</i>
Haumi e! Hui e! Taiki e!	<i>Join, gather, and unite! Forward together!</i>