



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 WHAKARĀPOOTO | EXECUTIVE SUMMARY

- 2 This report does not require an executive summary.

TE TUKU HAE PAPA | 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



WELCOME



Dear Risk and Assurance Committee Members

We have substantially completed our audit of the financial statements and service performance information of Kāpiti Coast District Council ("Council") for the year ended 30 June 2024.

Subject to the adequate resolution of the outstanding matters listed in the appendices, we confirm that we will issue an unmodified audit report for the financial statements and service performance information.

We have provided this report in our role as the appointed auditor of the Council on behalf of the Auditor-General in accordance with the *Public Audit Act 2001*. This report is intended solely for the use of the Risk and Assurance Committee ("the Committee"), other members of the Council and senior management, and should not be used for any other purpose nor given to any other party without our prior written consent.

We would like to thank your staff for the assistance provided to us during the audit.

We look forward to the opportunity of discussing with you any aspects of this report or any other matters relating to our work on 15 October 2024.

Should you have any questions or comments, please do not hesitate to contact me on 027 489 9693 or sam.nicolle@nz.ey.com.

Yours faithfully



Sam Nicolle
Partner
7 October 2024



Shiela Mae Guardo
Manager
7 October 2024

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EXECUTIVE SUMMARY

Kāpiti Coast District Council
For the year ended 30 June 2024

AREAS OF AUDIT FOCUS

6

Key areas of focus where there are potential risks and exposure



The areas of audit focus and level of complexity or management judgement applied are:

- | | | | |
|---|--------|--|-----|
| ▶ Property, Plant and Equipment | HIGH | ▶ Expenditure, Procurement and Tendering | LOW |
| ▶ Rates Setting, Invoicing and Collection | HIGH | ▶ Debt Facilities and Derivatives | LOW |
| ▶ Non-financial Performance Reporting | MEDIUM | ▶ Revenue from Grants and Subsidies | LOW |

STATUS OF AUDIT

4

Outstanding matters for an unqualified audit opinion



We have substantially completed our audit of the financial statements and service performance reporting of the Council for the year ended 30 June 2024. Subject to satisfactory completion of the outstanding items outlined in the appendices we will issue an unqualified audit opinion.

UNADJUSTED AUDIT DIFFERENCES

\$NIL

Aggregated unadjusted audit differences

- ▶ There are no unadjusted audit differences pertaining to the financial statements and service performance reporting for the year ended 30 June 2024.
- ▶ All adjustments identified during our audit have been corrected by management.

See Audit Differences section for more details.

MATERIALITY

\$3.8M

Final materiality based on actual expenditure for FY24

Our audit procedures have been performed using a materiality of \$3.8m.

This is based on 3.0% of expenditure of \$126.2m.

The threshold for reporting audit differences to the Committee is \$189k.

Tolerances have been set for each significant performance measure selected to test.

INDEPENDENCE

We confirm that we have complied with PES AG 1 (revised) and the OAG's professional standards, and in our professional judgement, the engagement team and the Firm are independent.



EXECUTIVE SUMMARY

AREAS OF AUDIT FOCUS

AUDIT DIFFERENCES

CONTROL ENVIRONMENT

APPENDICES

page 3

Property, Plant and Equipment

Our Understanding

- Property, plant and equipment represents the bulk of the Council's balance sheet with a 30 June 2024 carrying value of \$2.30 billion (2023: \$2.10 billion). The valuations have resulted in an uplift of \$62.2 million through other comprehensive revenue and expense.

Classification	2024 \$million	2023 \$million
Operational assets	164	158
Infrastructural assets	1,945	1,761
Restricted assets	189	184
Total value	2,298	2,103

- Infrastructure assets primarily comprise of roading, three waters, and seawall assets and are valued using Optimised Depreciated Replacement Cost (ODRC).
- Operational and restricted assets primarily comprise of land and buildings and are valued at market value.
- Land, buildings, park assets and infrastructural assets are revalued regularly by external valuation professionals in accordance with Council's revaluation schedule or when needed to ensure carrying value reflects the fair value of the assets.
- Management has engaged WSP and AON, as independent specialists, to carry out the following valuations:
 - Three water assets - full valuation by WSP
 - Roading assets -update to the FY23 valuation by WSP
 - Land and improvements -update to the FY23 valuation by AON

EY Perspective

- Revaluation movements recorded at 30 June 2024 and associated opening carrying amounts are:

Component	Classification	Opening CV \$million	Revaluation \$million	% Increase (decrease)
River flood protection and control works	Infrastructural assets	1.3	0.04	8%
Seawalls	Infrastructural assets	8.4	0.2	2%
Stormwater	Infrastructural assets	136.5	26.9	20%
Wastewater	Infrastructural assets	198.7	23.0	12%
Water	Infrastructural assets	163.5	12.1	7%
Total revaluation			62.2	

Capital additions and depreciation

We selected a sample of infrastructure asset additions during the year and agreed these to supporting documentation and obtained assurance that costs capitalised met the capitalisation criteria under PBE IPSAS 17 *Property, Plant and Equipment*.

We considered the depreciation charged on the various classes of infrastructure assets, and whether the useful lives and depreciation charge for the 2024 year were in line with the previously completed valuations. We concluded that the depreciation rates have been appropriately reflected in the fixed assets register following the valuation.

Key Judgements: Unit costs, useful lives, and classification of costs as capital or maintenance

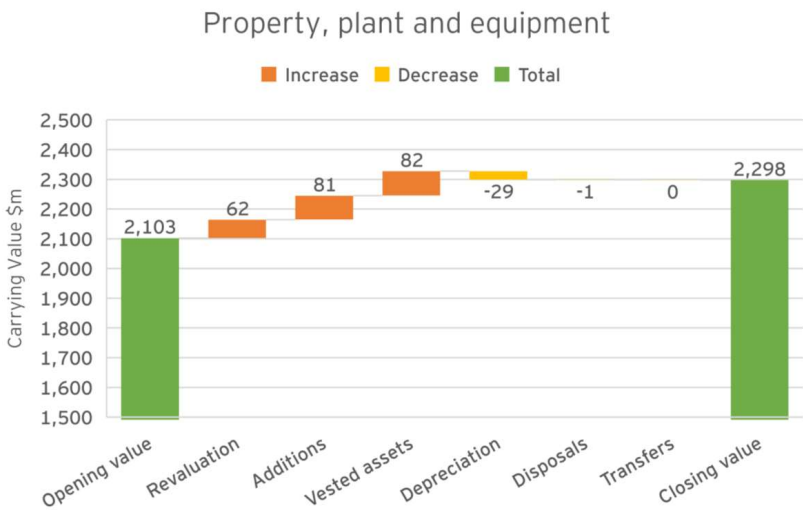
Relevant accounting standards: [PBE IPSAS 17 Property, Plant and Equipment](#)

Level of complexity or management judgement: HIGH



Property, Plant and Equipment (continued)

Our Understanding (continued)



EY Perspective (continued)

There are a number of key assumptions that the valuers make informed by their experience what may materially impact the resulting valuations. These judgements include replacement cost, useful lives and optimisation decisions. We have obtained the valuation reports prepared by WSP and Aon and performed the following procedures:

- ▶ On a sample basis, validated key inputs to the valuation including unit costs and the underlying data. ✓
- ▶ Assessed whether the asset information provided to the valuers was reflective of the asset data maintained in the Council's Asset Management Systems. ✓
- ▶ Obtained assurance that all material assets within the asset class were included in the valuation. ✓
- ▶ Performed procedures to obtain assurance that the valuation has been appropriately recorded in the fixed asset register and general ledger. ✓
- ▶ Obtained a reliance letter confirming the independence of the valuer and assessed the professional expertise of the valuer. ✓
- ▶ Assessed the extent of due diligence performed by management and whether this was adequate for the purpose of recording the revaluation in the financial statements. ✓

We are satisfied the assumptions and approach applied to the valuations provide a reasonable basis to determine asset values for financial reporting.

The fair values of roading assets and land and improvements were determined via applying an index to the summary figures. This assessment considered changes to factors that underlie the valuation such as the unit cost index over the period since the last valuation, asset lives, residual values, depreciation and consideration of any new assets or projects that may need to be included.

Key Judgements: Unit costs, useful lives, and classification of costs as capital or maintenance

Relevant accounting standards: [PBE IPSAS 17 Property, Plant and Equipment](#)

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



Rates Setting, Invoicing and Collection

Our Understanding

- ▶ Rates income levied represents KCDC's primary revenue source. Below is summary of the rates revenue and debtors recognised by the Council.

Component	2024 \$million	2023 \$million
General rates	32.2	29.6
Targeted rates	57.6	53.8
Internal rates and rates remitted	(2.2)	(2.0)
Total value	87.6	81.4
Rates debtors	4.0	3.5

- ▶ The Council must adhere to the requirements of the *Local Government (Rating) Act 2002* for the rates set to be lawful. Failure to comply with rating law and the associated consultation requirements can create risks to the integrity of rates revenue collected by the Council. Management has consulted with external legal counsel to ensure compliance with rating legislation is maintained.
- ▶ 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 KCDC.
- ▶ The accuracy of rates revenue is dependent on the integrity of the rates database. The reliability of the rates billing system is also key to rates being billed appropriately.
- ▶ Valuations for the Kāpiti Coast District Council carried out in 2020 were used to calculate rates for 2023/24 year. The districtwide revaluation as at 1 August 2023 was approved on 20 October 2023, which will be used to calculate rates from 2024/25 year.

EY Perspective

Our work in relation to rates revenue and debtors included:

▶ Testing Council's rate setting process including the accuracy of the use of underlying valuation information (as prepared by Quotable Value).	✓
▶ Reviewing Council's procedures for ensuring the rates set are compliant with the Local Government Rating Act including Council's adoption procedures.	✓
▶ Examining the application of the rates set to the rating database.	✓
▶ Reviewing the billing to specific ratepayers and subsequent collection on a sample basis.	✓
▶ For water rates, performing analytical procedures through considering changes in the district population and rates.	✓

Water rates levied by the Council are based on a fixed portion and a volumetric charge based on usage as measured by meter readings. Total volumetric water rates were \$4.5m (2023: \$4.4m) and are disclosed in the financial statements as an exchange transaction.

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: HIGH



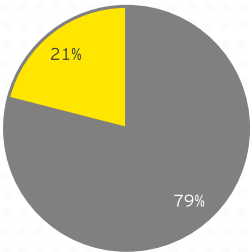
Non-financial Performance Reporting

Our Understanding

- ▶ The Council is required to report its performance against performance measures included in the Long-Term Plan (LTP). The performance framework set as part of the 2021/41 LTP is applicable to the current financial year. 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 the service performance report fairly reflects the Council’s actual service performance for the period.
- ▶ Consistent with previous periods, we have selected the following activities for detailed testing in the context of our audit of the 2023/24 annual report. However, we have considered the entire performance report as part of our feedback to management:
 - ▶ Access and transport
 - ▶ Stormwater
 - ▶ Wastewater
 - ▶ Water
 - ▶ Coastal management
 - ▶ Recreation and leisure
- ▶ The performance reporting includes several mandatory measures stipulated by Non-Financial Performance Measures rules 2013.
- ▶ We have summarised results achieved during the year by category on the next page.

Our Understanding (continued)

FY24 Measure Performance



■ Achieved ■ Not achieved

Key Judgements: Results included / excluded from measures

Relevant accounting standards: [PBE FRS 48 Service Performance Reporting](#)

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



Non-financial Performance Reporting (continued)

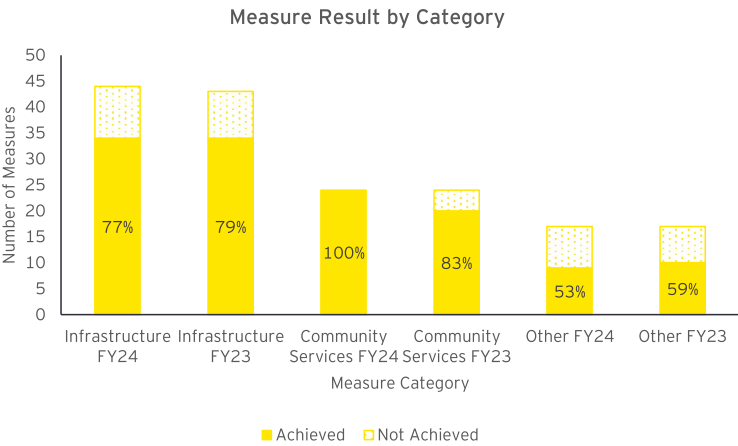
EY Perspective

We carried out the following audit procedures in assessing the effectiveness of the Council's non-financial performance reporting:

▶ Updated our understanding of key performance reporting processes and reviewed the collation methodologies applied by Council.	✓
▶ Examined, 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, this includes obtaining the underlying supporting documentation and re-performing the calculations.	✓
▶ Assessed the completeness and effectiveness of the performance framework utilised.	✓
▶ Checked whether all mandatory performance measures stipulated by the Non-Financial Performance Measures rules 2013 have been included in Council's reporting.	✓
▶ Assessed the extent to which the improvement matters identified in the previous years' audit have been addressed.	✓

We identified discrepancies in the performance measures which primarily related to customer service request measures and the quality of the response time data. We have made recommendations regarding how the current customer service request process could be further improved. These discrepancies resulted in audit adjustments which are corrected by management as the impact was above our audit adjustment threshold.

EY Perspective (continued)



*The Other category above aggregates the results for Partnerships, Planning and Regulatory, and Corporate performance measures.

Key Judgements: Results included / excluded from measures

Relevant accounting standards: [PBE FRS 48 Service Performance Reporting](#)

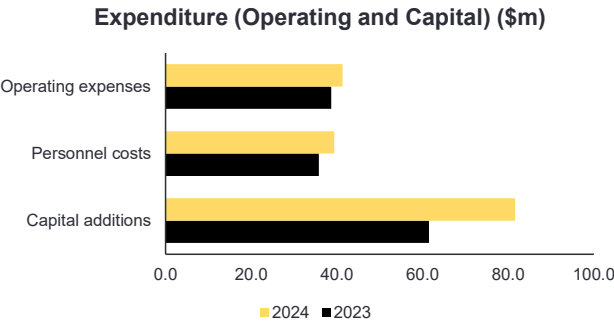
Level of complexity or management judgement: **MEDIUM**



Expenditure, Procurement and Tendering

Our Understanding

- Expenditure (excluding depreciation and interest expense) incurred by the Council is broken down as follows:



Sensitive expenditure

- All expenditure should be subject to a high standard of probity and financial prudence and should be able to withstand public scrutiny. Areas of expenditure such as travel, accommodation, training and catering can present opportunities for personal benefit, or perceived personal benefit, and therefore require additional focus. OAG's controlling sensitive expenditure guidelines for public entities require expenditure decisions to:
 - Have a justifiable business purpose
 - Be cost-effective
 - Preserve impartiality
 - Be made with integrity
 - Be moderate and conservative, having regard to circumstances
 - Be made transparently, and
 - Be appropriate in all respects.

EY Perspective

We have performed the following audit procedures with regard to operating expenditure, procurement and tendering:

▶ Tested operational expenditure on a sample basis.	✓
▶ Reviewed, on a sample basis, the application of procurement policies.	✓
▶ Reviewed areas where it may be perceived that there is the potential for personal benefit.	✓
▶ Reviewed updates to expense policies to assess whether appropriate processes over expenditure are in place.	✓
▶ On a test basis, examined how the tendering process for a sample of contracts was managed in consideration of KCDC's tendering policies and good practice.	✓

The Council's capital works procurement programme involves significant cash flows and the Council has a range of policies that seek to ensure procurement is managed in the best interests of the Council. Our procedures included testing a sample of contracts for appropriate approval in line with the Procurement Policy.

Key Judgements: Appropriateness / reasonableness of costs incurred

Relevant standards and guidance: [OAG guidance](#)

Level of complexity or management judgement: LOW





Debt Facilities and Derivatives

Our Understanding

- ▶ Borrowing represents one of the main sources of funding for KCDC's capital projects and debt levels change with the timing of planned capital projects and the repayment profile. The total value of debt at 30 June 2024 was \$320m (2023: \$275m).
- ▶ KCDC continues to maintain interest rate swaps to manage the Council's exposure to interest rate fluctuations arising from borrowing activities. The mark to market value of swaps as at 30 June 2024 amounted to an asset of \$8.9m (2023: \$12.6m asset). Fair value changes have been recorded in the Statement of Comprehensive Revenue and Expenses.

Debenture Trust Deed reporting

- ▶ KCDC accesses debt through the Local Government Funding Agency (LGFA). The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with the requirements of the Trust Deed and we are required to report to the Trustee with respect to the accuracy of the reporting certificates.
- ▶ Borrowings from the LGFA are covered by the Multi-issuer Deed between the Councils and the LGFA. The Multi-issuer Deed outlines the financial covenants that Councils are required to comply with, and the covenant limits depend on whether the Council has a credit rating of "A" or better. KCDC is required to complete a covenant test every 30 June.
- ▶ KCDC is also a guarantor of the LGFA debt and financial reporting standards require the Council to disclose the guarantee and recognise the fair value if it is considered to be material.

EY Perspective



We carried out the following audit procedures with regard to the Council's public debt and interest rates swaps:

▶ Updated our understanding of debt facility agreements maintained in the year and reviewed the relevant debt facility agreements including the process for managing drawdowns.	✓
▶ Considered the term and current classification of debt.	✓
▶ Obtained LGFA confirmation of the outstanding debt position at year end.	✓
▶ Confirmed derivative positions in place at year end and independently valued a sample of derivative contracts.	✓
▶ Recalculated Council's covenant compliance as at 30 June 2024.	✓
▶ Reviewed disclosures associated with the debt and derivative positions.	✓
▶ Reviewed the prudent benchmark measures relating to debt, interest level and sustainability as required by legislation.	✓

KCDC continues to hold an AA credit rating from S&P Global.



Key Judgements: Valuation of derivatives

Relevant accounting standards: [PBE IPSAS 28 Financial Instruments: Presentation](#), [PBE IPSAS 29 Financial Instruments: Recognition and Measurement](#), [PBE IPSAS 30 Financial Instruments: Disclosures](#)

Level of complexity or management judgement: LOW

Revenue from Grants and Subsidies

Our Understanding

- ▶ Council receives grant funding from a number of different funding providers.
- ▶ Accounting standards require KCDC to meet the conditions stipulated in each funding contract in order to recognise revenue and any unspent amounts be recorded as a liability until funds are utilised for the relevant project.
- ▶ The below table details the revenue recognised during the year:

Grant/Subsidy	Nature	2024 (\$m)
Waka Kotahi	Capital	4.2
Waka Kotahi	Operating	2.6
Infrastructure Acceleration Fund	Capital	3.4
Better Off Funding	Operating	3.9
Other	Capital and Operating	0.5
Total value		14.6

- ▶ KCDC receives NZTA funding to subsidise costs associated with local roads. The funding assistance rate is typically 51% with higher amounts being available in certain circumstances. Financial reporting standards require NZTA subsidies to be recognised as revenue, while a portion of the associated expenditure is capitalised as part of roading assets.
- ▶ In July 2021, the previous government announced a \$2.5 billion package to support local government transition through the Three Waters Reform Programme. The Department of Internal Affairs awarded a total of \$5.3 million to the Council for a range of community activities, of which \$3.9 million has been utilised as at 30 June 2024.

EY Perspective

We have performed the following audit procedures in order to validate the revenue recognised during the year:

▶ Obtained new agreements and amendments or correspondence between KCDC and the Department of Internal Affairs relating to the Better Off Funding.	✓
▶ Checked, on a sample basis, that the costs being recovered were in line with the funding agreements.	✓
▶ Checked, on a sample basis, that revenue is being recognised in line with obligations/undertakings being satisfied.	✓
▶ Examined subsidy claims from NZTA, on a sample basis, to check the expenditure was allowed to be claimed and the funding assistance rate applied was appropriate.	✓
▶ Carried out an assessment of the reasonableness of NZTA subsidy income and its completeness in consideration of the level of costs incurred for the period.	✓
▶ Assessed the disclosures in the annual report in relation to each funding is in line with relevant accounting standards.	✓

Our testing of revenue recognition for grant funding resulted in a view that was consistent with management's assessments regarding progress and allowable costs for the contracts. Accounting standards require that any unspent amounts be recorded as a liability until the funds are utilised for the relevant project.

Key Judgements: Timing revenue recognition
Relevant accounting standards: [PBE IPSAS 23 Revenue from Non-Exchange Transactions](#)
Level of complexity or management judgement: LOW



Assessment of Control Environment

Internal Controls

As part of our audit of the financial statements and performance information, we obtained an understanding of the internal control environment in order to sufficiently plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Throughout our audit we communicate to management observations regarding control matters and other issues arising from our procedures. Improvement points communicated to management in the current year are summarised as follows:

Risk Ratings	H	M	L	Total
Open at 30 June 2023	-	1	2	3
Closed during FY24	-	-	-	-
New points raised in FY24	-	-	1	1
Total open points as at 30 June 2024	0	1	3	4

- H

High Risk - Matters and/or issues are 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 3 months.
- M

Medium Risk - Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within 6 months.
- L

Low Risk - A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.

In considering whether there has been any management override of controls, our audit has focused on the following areas:

- Procurement - Reconfirmation of our understanding of KCDC’s procurement policy and tendering processes
- Application of the Delegated Financial Authority policy
- Testing the operating effectiveness over journal entries and post-closing adjustments
- Sensitive expenditure testing
- Examining the accounting for significant transactions or valuations

Risk Ratings	Findings
Procurement	No findings.
Delegated Financial Authority	No findings.
Journal entries	No findings.
Sensitive expenditure	Minor findings on credit card expenditure approvals.
Significant transactions and valuation judgements	No management override of controls identified.

Our FY24 findings will be detailed in our Report on Control Findings arising from the 2024 audit and presented to the October Committee meeting.

The open findings from FY23 are:

- Accuracy of response and resolution times (M)
- Aged work in progress review (L)
- Overhead rate applied to projects (L)

APPENDICES	A. Other Required Audit Committee Communications	14
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Appendices

A. Other Required Audit Committee Communications

Auditing Standards require us to report to you certain matters that are not otherwise detailed in this report.





Matter	How matter was addressed
Material uncertainties and going concern	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about the Council's ability to continue as a going concern for 12 months from the date of our report.
Disagreements with management	During our audit, we received full cooperation from management and had no unresolved disagreements over the application of accounting principles, the scope of our audit or disclosures to be included in the financial statements.
Compliance with laws and regulations	We have not identified any material instances of non-compliance with laws and regulations.
Fraud and illegal acts	We have made enquiries of management regarding: <ul style="list-style-type: none">Knowledge of any fraud or suspected fraud affecting the Council involving Management, employees who have significant roles in internal control; or others where fraud could have a material effect on the financial reportKnowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial information. Based on our enquiries and audit procedures, we did not become aware of any fraud or illegal acts during our audit.
Expected modifications to audit report	We anticipate issuing an unqualified audit report on the financial statements and performance information for the year ended 30 June 2024 subject to the satisfactory resolution of the outstanding matters detailed in this report. A draft copy of our audit report has been provided to the management.





Appendices

B. Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility	
Annual reports (including summary annual report)	Review of the draft Annual Reports, including other information not subject to audit	EY	
Representation letters	Receipt of signed representation letters on approval of the financial statements		
Subsequent events review	Completion of subsequent events procedures to the date of signing our audit report	EY	
Signed annual reports	Receipt of the final Annual Reports approved by Council (scheduled for 30 October)		

Key:

-  EY responsibility
-  Management responsibility



Appendices

C. Independence

We confirm that in our professional judgment the engagement team and the Firm are independent.

We are satisfied that all EY Offices that have provided services in the past or are currently providing services to Council have complied with the relevant independence requirements. We are satisfied that the services provided by EY during the year ended 30 June 2024 do not impact our independence.

We are not aware of any relationships between the Firm or other firms that are members of the global network of EY firms and Council that, in our professional judgment, may reasonably be thought to bear on independence.

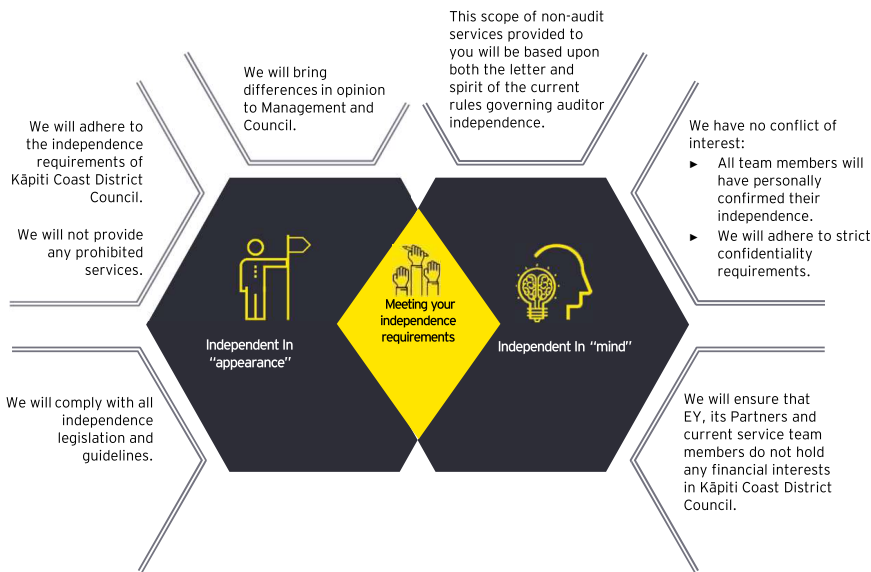
We highlight the following services that we have performed during the year.

	Fees	Safeguards adopted
2024-34 Long Term Plan	\$215,300	Independence assurance service
Debenture Trust Deed reporting	Fee included in the audit fee	Independence assurance service

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. Our fee for the audit of the Annual Report is \$243k excluding GST and disbursements.

Independence

We confirm that we have complied with 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, plus the Auditor General's independence rules, and in our professional judgement, the engagement team and the Firm are independent.



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ED None

This report is intended solely for the information and use of the Risk and Assurance Committee, other members of the Board of Directors and senior management of KCDC, and should not be used for any other purpose nor given to any other party without our prior written consent. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of this report, the provision of this report to the other party or the reliance upon this report by the other party.

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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 KŌRERORERO | 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 [↓](#)

Report on Control Findings

3 October 2024

Kāpiti Coast District Council





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Mark de Haast
Group Manager - Corporate Services
Kāpiti Coast District Council
Private Bag 60601
Paraparaumu 5254

3 October 2024

Dear Mark

Report on Control Findings

We have substantially completed our audit of the financial statements and service performance information of Kāpiti Coast District Council ("Council" or "KCDC") for the year ended 30 June 2024.

This Report on Control Findings includes control matters and issues arising from our audit that we consider appropriate for review by management.

In accordance with the Auditor-General's Auditing Standards we performed a review of the design and operating effectiveness of KCDC's significant financial and non-financial reporting processes. Our audit procedures do not address all internal control and accounting procedures and are based on selective tests of accounting records and supporting data. They have not been designed for the purposes of making detailed recommendations. As a result, our procedures would not necessarily disclose all weaknesses in KCDC's internal control environment. We wish to express our appreciation for the courtesies and co-operation extended to our representatives during the course of their work. If you have any questions or comments, please do not hesitate to call me on 027 489 9693.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sam Nicolle', is written over a horizontal line.

Sam Nicolle
Partner
Ernst & Young

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1. Overview

1.1 Overview of Risk Ranking System and Recommendations

The following table provides an overview of the number of observations and the associated risk ratings.

	High	Moderate	Low	Total
Open as at 30 June 2023	-	1	2	3
Closed during FY24	-	-	-	-
New points raised in FY24	-	-	1	1
Total open points as at 30 June 2024	-	1	3	4

Key:

■	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
■	Matters and/or issues are 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 6 months.
■	Matters and/or issues are 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 3 months.

1.2 Audit observations

The following table summarises open recommendations at 30 June 2024.

Observations	High Needs significant improvement	Moderate Needs substantial improvement	Low Needs some improvement
Accuracy of response and resolution times	-	✓	-
Aged work in progress review	-	-	✓
Overhead rate applied to projects	-	-	✓
Approval of expenditure	-	-	✓

1.3 Disclaimer

Issues identified are only those found within the course of the audit for year ended 30 June 2024. Recommendations are intended solely for the use of Council's management. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Council and the management team or for any purpose other than that for which it was prepared.

2. Detailed recommendations

2.1 Moderate Risk

2.1.1 Accuracy of response and resolution times

Observation	<p>One of Council's key activities is managing, and responding to, requests for service that ratepayers make of Council. KCDC uses the MagiQ system to record and monitor these requests. When a member of the community makes a request, the time of the request, actions taken to respond to and resolve the request, and the time these actions were taken are all recorded in the system. This data then forms the basis for reporting a number of performance measures which relate to how quickly Council have either responded to, or resolved, requests for service relating to a particular area of operations.</p> <p>In completing our testing of performance reporting information, we identified instances where the response times used as a basis for calculating performance measures were identical to the time the request for service was raised with Council. We observed this mostly arises where a request for service is not logged with the call centre immediately. This results in the on call staff member arriving on site before the request for service has been logged in the system. As MagiQ does not allow response times to be before the received time the response time will default to the earliest possible time which will be identical to the received time.</p> <p>Further, there are also instances where details are erroneously inputted in the system.</p> <p>We noted 9 instances where the 'response' time was identical to the 'service requested' time (1 for water management service requests, 3 instances for stormwater service requests and 5 instances for access and transport service requests). We also noted 3 instances of negative resolution time (2 instances for water supply and 1 instance for wastewater).</p>
Implication	<p>There is a risk that Council reports incorrect performance results as a result of not using accurate response times. This can also impact management's ability to understand the team's responsiveness to ratepayer requests and any resourcing or process issues that may need to be remedied to allow timely responses to requests.</p>
Recommendation	<p>We recommend that either the process for recording requests for service be updated, this may include business rules on a minimum response time.</p> <p>We recommend Council complete an internal review of the performance measure data prior to finalising the measure and consider anomalies and whether they have a material impact on performance reported.</p>
Management Response	<p>Management accepts audit findings and recommendation. An internal review of the performance measure data prior to finalising will be undertaken and the process for recording requests for service will be updated to correct this weakness.</p>
Responsibility	<p>Corporate Services</p>

2.2 Low Risk

2.2.1 Aged work in progress review

Observation	Our testing of infrastructure assets includes a review of work in progress projects that had no further costs incurred in the financial period. There was one material project, the Waikanae duplicate rising main, which commenced in 2017 and had not incurred further cost nor been capitalised in FY25.
Implication	The accumulation of capital work in progress in error may result in: <ul style="list-style-type: none">- Delayed commencement of depreciation- impairment
Recommendation	We recommend aged WIP projects are reviewed annually and this assessment documented and actioned if an adjustment is required. The assessment should consider the age of WIP, whether the asset is ready for use and for an assessment of indicators of impairment.
Management Response	Management accepts audit's recommendation. The Waikanae duplicate rising main is planned to be fully complete by December 2025 and depreciation will commence thereon from 1 July 2026.
Responsibility	Corporate Services

2.2.2 Overhead rate applied to projects

Observation	During our testing of the capital grants and capex, we observed that there was change in the method to apply the allocation of overhead staff costs to capital projects. This method allocates based on an approved SLT rate (percentage) that is applied against the budgeted personnel recovery costs. The approved SLT rates are average market recovery rates and are not specific to KCDC.
Implication	The Council are using rates that are reasonable in the market but not specific to KCDC. Therefore, there is uncertainty on whether the time and effort recovered at the market rates is reflective of the actual time and effort incurred on the project.
Recommendation	We recommend KCDC to develop an overhead rate specific to actual time and effort that has been incurred for KCDC projects.
Management Response	Management accepts the audit finding and recommendation and commits to exploring options to enhance the overhead recovery methodology to be more KCDC specific.
Responsibility	Corporate Services

2.2.3 Approval of expenditure

Observation	KCDC's general expenses policy states that "authorisation must be one-up from the person who may benefit or be perceived to benefit from the expenditure." We noted instances where an expense claim was authorised by a person who incurred the costs or benefited from the expenditure. In these instances, we are satisfied that the expenditure was appropriate, but improvements could be made regarding how the relevant controls were executed.
Implication	This may increase the risk that inappropriate expenditure goes undetected. This policy also serves to safeguard staff in instances where they may be perceived to have benefited from Council expenditure and an independent member of staff has concurred with their judgement that the costs are appropriate.
Recommendation	We recommend that expenses incurred are approved in a manner that is in line with KCDC's policies.
Management Response	Management accepts the audit finding and recommendation and commits to ongoing staff training and education of the General Expenses Policy.
Responsibility	Corporate Services

EY | Assurance | Tax | Transactions | Advisory

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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 ĀPITI HANGA | ATTACHMENTS

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

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

15 AUGUST 2024

**MINUTES OF KAPITI COAST DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU
ON THURSDAY, 15 AUGUST 2024 AT 9.31AM**

PRESENT: Mr David Shand (Chair), Mayor Janet Holborow, Deputy Mayor Lawrence Kirby, Cr Liz Koh, Cr Jocelyn Prvanov, Cr Glen Cooper
Via Zoom: Mr David Cochrane

IN ATTENDANCE: Mr Bernie Randall, Mr Richard Mansell, Mr Cam Butler, Cr Martin Halliday, Mr Andrew Pervan, Mr Darren Edwards, Mr Sean Mallon, Ms Hara Adams, Ms Kris Pervan, Ms Rach Wells, Ms Laura Willoughby, Mr Ian Georgeson, Ms Sarah Wattie, Ms Nienke Itjeshorst, Mrs Anna Smith, Ms Kate Coutts, Ms Jessica Mackman
Via Zoom: Mr Ahmed Sofe and Mr Sam Nicolle (Ernst & Young), Ms Sheryl Gavin

WHAKAPĀHA | APOLOGIES: There were none.

LEAVE OF ABSENCE: There were none.

1 NAU MAI | WELCOME

The Chair, David Shand welcomed everyone to the meeting.

2 KARAKIA A TE KAUNIHERA | COUNCIL BLESSING

The Chair read the Council blessing.

3 WHAKAPĀHA | APOLOGIES

The Chair noted that Mark de Haast, Group Manager Corporate Services, was absent due to illness.

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

There were no declarations of interest made.

**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**

There were no members of the public present that wished to speak.

6 NGĀ TEPUTEIHANA | DEPUTATIONS

There were no deputations scheduled.

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

15 AUGUST 2024

7 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS

- (a) The Chair, David Shand raised two matters for discussion; the credit rating report from Standard & Poors which retained Council's credit rating and recent central government announcements regarding water reforms.

Darren Edwards, Chief Executive provided an update on the Standard & Poors Global Credit Rating received and central government water reform 'Local Water Done Well'.

Members discussed the matters and Mr Edwards answered members' questions.

- (b) There were no requests for a leave of absence.

- (c) There were no matters of an urgent nature notified to the Chair prior to the commencement of the meeting.

8 HE KŌRERO HOU | UPDATES**8.1 FIRST DISCUSSION ON RECOVERY, AS THE SECOND COMPONENT OF THE EMERGENCY MANAGEMENT PROGRAMME.**

Kris Pervan, Group Manager Strategy and Growth introduced the item and took the report as read.

Ms Pervan introduced Daniel Neely, Community Resilience and Recovery Manager and Scott Dray, Senior Recovery Advisor of the Wellington Region Emergency Management Office (WREMO) and Council officers, Brigid Jenkins, Chief Advisor Strategy and Growth, Gina Anderson-Lister, Manager Strategy and Nicole Davey, Principal Advisor - Recovery Lead.

Mr Neely, Mr Dray and Ms Pervan, spoke to the presentation contained in the agenda to provide an update on emergency planning and recovery.

The meeting adjourned at 10.21am for an evacuation drill and resumed at 10.28am.

The presentation continued following the adjournment and the group answered members' questions.

COMMITTEE RESOLUTION RAC2024/31

Moved: Mr David Shand

Seconder: Deputy Mayor Lawrence Kirby

That the Risk and Assurance Committee:

- A. Note that Kāpiti Coast District and the wider Wellington Region is vulnerable to a number of significant natural hazards and that pre-planning for Recovery is an increasing priority.
- B. Note the focus for the Kāpiti District Recovery Programme, which forms part of the wider Emergency Management requirements, and progress to date.
- C. Note that the Recovery Programme Team will come back to this Committee with an update on Phase 1 activity, as noted in attachment 1, in early 2025.

CARRIED

9 PŪRONGO | REPORTS**9.1 AUDIT CLOSING REPORT FOR THE 2024-34 LONG-TERM PLAN**

Ahmed Sofe, Associate Director Ernst & Young alongside Sheryl Gavin, Principal Advisor Corporate Services introduced the item and provided a brief overview of the report.

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

15 AUGUST 2024

Mr Sofe and Sam Nicolle, Partner Ernst and Young answered members' questions.

Cr Jocelyn Prvanov left the meeting at 11.10am and returned at 11.12am.

Cr Jocelyn Prvanov left the meeting at 11.12am.

COMMITTEE RESOLUTION RAC2024/32

Moved: Mr David Shand

Seconder: Cr Liz Koh

- A. That the Risk and Assurance Committee receives and notes this report including the Ernst & Young Closing Report for the audit of the 2024-34 Long-term Plan in Appendix 1.

CARRIED

9.2 EY CONTROL FINDINGS: 2022-23 AUDIT - UPDATE

The Chair, David Shand introduced the item alongside Nienke Itjeshorst, Lead Risk and Assurance.

COMMITTEE RESOLUTION RAC2024/33

Moved: Mayor Janet Holborow

Seconder: Deputy Mayor Lawrence Kirby

- A. That the Risk and Assurance Committee notes the progress made to resolve the Control Findings from Ernst & Young for the year ended 30 June 2023 to be re-assessed as part of their audit for the year ended 30 June 2024.

CARRIED

9.3 HEALTH AND SAFETY QUARTERLY REPORT: 1 APRIL 2024 TO 30 JUNE 2024

Kelly Newbold, Manager Health Safety and Wellbeing alongside Rach Wells, Group Manager People and Capability introduced the item and provided a brief overview of the report.

Ms Newbold, Ms Wells and Sean Mallon, Group Manager Infrastructure and Asset Management answered members' questions.

Cr Glen Cooper left the meeting at 11.38am and returned at 11.41am.

Cr Jocelyn Prvanov returned to the meeting at 11.43am.

COMMITTEE RESOLUTION RAC2024/34

Moved: Deputy Mayor Lawrence Kirby

Seconder: Mayor Janet Holborow

- A. That the Risk and Assurance Committee notes the Health and Safety Quarterly Report for the period 1 April 2024 to 30 June 2024 attached as Appendix One to this Report.

CARRIED

9.4 TOP 10 ORGANISATIONAL RISK REPORT

Nienke Itjeshorst, Lead Risk and Assurance introduced the item and took the report as read highlighting section 10 of report.

Ms Itjeshorst answered members' questions.

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

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COMMITTEE RESOLUTION RAC2024/35

Moved: Cr Liz Koh

Seconder: Mr David Cochrane

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

CARRIED**9.5 INTERNAL AUDIT WORK PROGRAMME - UPDATE**

Nienke Itjeshorst, Lead Risk and Assurance introduced the item and took the report as read highlighting sections 7 and 9 of report.

Ms Itjeshorst answered members' questions.

COMMITTEE RESOLUTION RAC2024/36

Moved: Cr Jocelyn Prvanov

Seconder: Cr Liz Koh

- A. That the Risk and Assurance Committee receives and notes the progress update on the 2024 Internal Audit work programme.

CARRIED**9.6 QUARTERLY TREASURY COMPLIANCE**

Ian Georgeson, Chief Financial Officer introduced the item and provided an overview of the report.

COMMITTEE RESOLUTION RAC2024/37

Moved: Deputy Mayor Lawrence Kirby

Seconder: Cr Liz Koh

- A. That the Risk and Assurance Committee:

A.1 Receives and notes this report.

A.2 Notes the Council's non-compliance with its old Policy in three areas:

- i. Debt maturities (6% in 5-10 year bucket vs policy minimum 10%)
- ii. Fixed/Floating Risk Control limit (54% hedged vs policy minimum 55%)
- iii. Hedging Instrument maturities (14% in 5-10 year bucket vs policy minimum 15%)

(these non-compliant areas have been further discussed in this report).

A.3 Notes the Council has fully complied with all other requirements of the old Policy for the three months ended 30 June 2024.

CARRIED

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

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9.7 LEGISLATIVE COMPLIANCE 1 APRIL TO 30 JUNE 2024

Sarah Wattie, General Counsel introduced the item and took the report as read.

Ms Wattie and Ms Laura Willoughby, Principal Advisor, Regulatory & Environment answered members' questions.

COMMITTEE RESOLUTION RAC2024/38

Moved: Deputy Mayor Lawrence Kirby

Seconder: Mayor Janet Holborow

A. That the Risk and Assurance Committee:

A.1 Notes legislative non-compliance for the fourth quarter of the financial year from 1 April 2024 to 30 June 2024 as outlined in Attachment 1 to this report.

CARRIED

9.8 FORWARD WORK PROGRAMME 2024/25 FOR RISK AND ASSURANCE COMMITTEE

The Chair, David Shand introduced the item and provided an overview of the proposed forward work programme noting minor amendments.

Sheryl Gavin, Principal Advisor Corporate Services answered members' questions.

COMMITTEE RESOLUTION RAC2024/39

Moved: Mr David Cochrane

Seconder: Cr Liz Koh

A. That, with the amendments suggested by the Chair, the Risk and Assurance Committee approves its Forward Work Programme for the 2024/2025 calendar year as set out in Appendix 1 to this report.

CARRIED

10 TE WHAKAŪ I NGĀ ĀMIKI | CONFIRMATION OF MINUTES

10.1 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION RAC2024/40

Moved: Mr David Shand

Seconder: Mr David Cochrane

That the minutes of the Risk and Assurance Committee meeting of 23 May 2024 be accepted as a true and correct record.

CARRIED

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

15 AUGUST 2024

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

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION RAC2024/41

Moved: Mr David Shand

Seconder: Deputy Mayor Lawrence Kirby

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
11.1 - Confirmation of Public Excluded Minutes	<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>	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
11.2 - Litigation and External Investigations Report	<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</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

RISK AND ASSURANCE COMMITTEE MEETING MINUTES

15 AUGUST 2024

	<p>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>	under section 6 or section 7
CARRIED		

The Te Komiti Whakamauru Tūraru | Risk and Assurance Committee meeting went into public excluded session at 12.17pm.

COMMITTEE RESOLUTION RAC2024/44

Moved: Mr David Shand

Seconder: Deputy Mayor Lawrence Kirby

That the Te Komiti Whakamauru Tūraru | Risk and Assurance Committee moves out of a public excluded meeting.

CARRIED

The Te Komiti Whakamauru Tūraru | Risk and Assurance Committee came out of public excluded session at 12.29pm.

The following resolution was passed during the public excluded session to release the report (excluding attachments 1 and 2) and the resolutions from public excluded business.

11.2 LITIGATION AND EXTERNAL INVESTIGATIONS REPORT**COMMITTEE RESOLUTION RAC2024/453**

Moved: Deputy Mayor Lawrence Kirby

Seconder: Mr David Shand

A. That the Risk and Assurance Committee:

A1. note the status of litigation and external investigations for quarter 4 of the 2023-24 financial year.

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A2. agree that Attachment 1 and Attachment 2 of this report be excluded from public release to protect the privacy of natural persons, the obligation of confidence and legal professional privilege (Section 7(2)(a), Section 7(2)(c)(i) and Section 7(2)(g) of the Local Government Official Information and Meetings Act 1987).

A3. agree that only this report and Attachment 3 of this report be released from public excluded business.

A4. agree that the resolutions be released from public excluded business.

CARRIED**Appendices**

- 1 Litigation and External Investigations Report 15 August 2024 (For Public Release)

12 KARAKIA WHAKAMUTUNGA | CLOSING KARAKIA

The Chair, David Shand closed the meeting with karakia.

The Te Komiti Whakamauru Tūrarū | Risk and Assurance Committee meeting closed at 12.30pm.

.....
HEAMANA | CHAIRPERSON

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:

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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>