

Audit and Risk Committee

Notice of Meeting

A meeting of the Audit and Risk Committee will be held in the Council Chamber, Forum North, Whangarei on:

**Wednesday
2 December 2015
1.00pm**

Committee of:
Council

Committee
Cr S L Morgan (Chairperson)
Her Worship the Mayor
Cr S J Deeming
Cr J D T Williamson
Philip Jones (Independent Advisor)

Audit and Risk Committee

Terms of Reference

Chairperson

Cr S Morgan

Members

Mayor

Section 41A(5) of the Local Government Act 2002 provides that the Mayor is a member of each committee of the territorial authority

Councillors

Councillors S J Deeming, J D T Williamson

Independent Advisor

The Chairperson has appointed Mr Philip Jones as an Independent Advisor. The Independent Advisor has voting rights.

Attendance at Meetings

All Councillors, the Chief Executive Officer, Group Managers, Department Managers and such other Council Officers as deemed necessary, may attend Committee meetings.

Frequency of Meetings

The Committee should meet at least four times per year, with the meeting schedule organised to coordinate with statutory reporting processes.

Quorum

A quorum for a meeting of this Committee shall be:

- half of the voting members if the number of voting members, including vacancies, is even or,
- a majority of voting members, including vacancies, if the number of voting members is odd.

Delegated Authority

1. Does not have the powers of Council to act in the following instances as specified by Clause (32) Schedule 7 of the Local Government Act 2002:
 - a) the power to make a rate; or
 - b) the power to make a bylaw; or
 - c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
 - d) the power to adopt a long-term plan, annual plan, or annual report; or
 - e) the power to appoint a chief executive; or
 - f) the power to adopt policies required to be adopted and consulted on under this Act in association with the Long Term Plan or developed for the purpose of the local governance statement; or
 - g) the power to adopt a remuneration and employment policy.
2. Does have the ability to appoint Sub-committees to deal with any matters of responsibility within the Committee's Terms of Reference and areas of responsibility, and to make recommendations to the Committee on such matters and provided the

Sub-committee shall not have power to act other than by a resolution of the Committee with specific limitations where there is urgency or special circumstances.

3. Does have the ability to make decisions in accordance with the Terms of Reference.

Terms of Reference

- To review, consider, consult, advise and instruct Management on matters relating to the areas of responsibility of the Audit & Risk Committee.
- To ensure the fulfilment of Council's legal obligations and responsibilities, including compliance with legal and regulatory matters.
- To ensure Council develops strategies for identifying and managing risk and being satisfied risks are being properly managed (operational, financial and compliance risks).

Areas of Responsibility

- External Audit
- Internal Audit
- Risk Management, including Operational and Financial Control Systems
- Insurances
- Legal Issues
- Elected Members' Code of Conduct
- Policy for allowances and reimbursement of expenses to Elected Members
- Such other functions as may be delegated by Council from time to time.

Specific Matters

- Audit
 - Agree audit scope with Management
 - Provide direct input on audit scope to the external auditor
 - Consider auditor management report, taking appropriate action
 - Consider any internal audit needs, including probity, waste and performance
 - Hold a confidential meeting with the external auditors at least once every year.
- Risk
 - Ensure a comprehensive risk management framework is in place and it is being operated effectively
 - Identify and monitor risks related to major projects.
 - Ensure Council's assets are insured appropriately
 - Ensure Council has suitable business continuity arrangements in place,
- Code of Conduct
 - Oversee the management of any issues related to the Elected Members Code of Conduct, including dealing with complaints
- Policy for allowances and reimbursement of expenses to Elected Members
 - Review the Policy for allowances and reimbursement of expenses to Elected Members outside of a determination of the Authority, or a full review of the Policy by Council in the last year of the term.
- General
 - Consider such other matters as referred to the Committee by the Council or Management from time to time.
- Make recommendations to Council where appropriate.
- Facilitate a process for Councillors to formally review their performance and conduct self evaluations.

OPEN MEETING

APOLOGIES

CONFLICTS OF INTEREST

Members are reminded to indicate any items in which they might have a conflict of interest.

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1. Health and Safety

Reporting officer: Desarae Williams

Date of meeting: 2 December 2015

1. Purpose

This report serves to highlight key health and safety risks and mitigation measures taken to ensure safety in Whangarei District Council (WDC) workplaces.

2. Recommendation

1. That the Audit and Risk Committee note the reported health and safety risks, and mitigation measures taken to ensure safety in WDC workplaces.

3. Background

The Ministry of Business, Innovation & Employment /Institute of Directors Good Governance Practices Guideline for Managing Health and Safety Risks advises directors, and in our case Councillors, of the need to understand the safety and health risks involved in the business or undertaking they are governing.

On Tuesday 10th November a workshop was held for Councilors, with a presentation from the Employers and Manufacturers Association (EMA) who gave considered and expert advice on what councillors need to understand about their obligations to provide a safe and healthy workplace.

This report covers the key health and safety risks and compliance to relevant health and safety legislation, along with some of our main lead and lag indicators. Definitions contained in this report are detailed in Appendix 1.

4 Discussion

Progress on health and safety systems continues steadily, with most of the fundamental systems well embedded, with ongoing coaching and education of staff a key component for the future.

An increasing number of security related incidents (and one injury) from aggressive members of the public continue to concern us, with anticipation that this will likely escalate in the future, requiring us to be continually vigilant about mitigating the risks to our staff and contractors.

4.1 Risks

Appendix 2 contains a summary list of key Health and Safety risks for each WDC group and area. The list was drafted using information from the current hazard register, knowledge of council health and safety personnel and also some new information coming through from department managers, supervisors and health and safety representatives who have been asked to review this as part of the follow up from the EMA presentations. The items listed are considered the highest risks for each area and are not exhaustive. The risk rating refers to the hazard and risk if there were no controls in place.

Legislative compliance

The EMA suggested that Councillors are kept aware of compliance to the key pieces of health and safety legislation. Appendix 3 provides a table of the key Acts and Regulations with commentary on compliance or otherwise.

A list of the codes of practices that affect the council workplace and compliance to these will be provided in the March 2016 report.

Resourcing

Another risk area identified by the EMA was the resourcing of the health and safety function.

We have been recently working on the development of a software programme Tech One, which is part of the existing Finance and Payroll system, to better manage incident and hazard reporting. This programme went live in November, with the intention of rolling out to health and safety representatives, staff and some contractors enabling them to report hazards and incidents from their computer.

Injury Prevention Strategies (Lead Indicator)

The EMA also recommends that councillors are made aware of lead rather than lag indicators, with reference to understanding injury prevention strategies in place.

A sample of relevant injury prevention strategies may include;

- Emergency preparedness where multiple fatalities could occur, such as large office premises and the council operated event premises
- Various security threats and preparation/mitigation of these
- Regular contact with higher risk contractors working together to identify risks and prevention strategies
- Provision and encouragement of incident and hazard reporting

A monthly health and safety theme is identified and various awareness methods are employed to ensure staff is provided with this information. Appendix 4 provides a table of the most recent themes.

Health and Safety Training (Lead Indicator)

Since the last report to the Audit and Risk Committee, health and safety training included;

- Further Security Warden training
- Fire warden training for the new roading area, including NZTA personnel
- Several further Contractor Management briefings held (in house) for those responsible for engaging contractors.
- First Aid training for several staff and refresher training for those already certificated, across council

- Quad bike training for waste plant operators who use a quad bike
- A Site Safe Passport construction session attended by Maori Relationship team members and several hapu cultural supervisors
- Two Fatigue Prevention workshops, following the implementation of a new Fatigue Prevention Policy.

Accident & Incident Statistics (Lag indicators)

We have had two lost time injuries since the last Audit and Risk Committee report;

- One involved a Northland Waste runner who strained his back while driving over a large rut in the road
- One involved an employee who slipped on water in a bathroom and hurt her hand

Refer to Appendix 5 for a summary of the year to date (YTD) incidents, commencing July 1 2015 comparing the last three years.

5 Significance and Engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy. The public will be informed via Agenda publication on the website.

Appendix 1

Definitions

Term	Meaning
First Aid Injury (FA)	Where an injury occurs and either first aid equipment is used (such as a plaster) or a first aid measures applied, (such as ice to strain)
Hazard	Something that can cause harm
Incident	(Sometimes called - near miss or near hit). Where an event occurred where someone narrowly missed being harmed
Lag Indicator	Reactive measures of some aspect that has failed e.g. reported injuries in period
Lead Indicator	Proactive measures of performance. Aims to identify problems before incident or near misses occur e.g. training and injury prevention strategies/monitoring.
Lost Time Injury (LTI)	Where an injury occurs and the person has time off work (the day the injury occurred is not usually counted)
Medical Treatment Injury (MT)	Where an injury occur and the person is attended by a health professional (Can be a physiotherapist, doctor, hospital etc)
Occupational Overuse Syndrome (OOS)	An overarching umbrella term for a multiple range of medical conditions generally created from overuse of parts of the body or retention of static postures for long periods of time.
Pain & Discomfort Report	Where pain or discomfort is felt, sometimes from gradual process injuries or from injuries, where no first aid was applied (such as bruise or a headache)
PCBU	Person in charge of a business or undertaking – this more commonly would be referred to as a business or organization.
Serious Harm Injury (SH)	Where an injury occurs that this labeled serious harm or notifiable under Worksafe definitions as outlined in the Health and Safety at Work Act. Includes fractures, amputation, loss of consciousness and other serious injuries

Appendix 2

Key Health and Safety Risks – the highest perceived risks in the council ‘workplace’

Department	Who is exposed	Highest Identified Risk	Risk rating (without controls)	Controls in place
Infrastructure & Services				
Projects	All	Contractor management of high risk building or construction projects and includes managing multi PCBUs on project sites	High	Being well managed and monitored
Library	Staff	Exposure to aggressive members of public	Medium	Being managed
Parks and Recreation	Contractors	Contractors exposed to and creating potential hazards when maintaining council parks and recreation areas	High	Being managed and good review systems in place
Roading	Contractors	Contractors exposed to a myriad of traffic hazards	High	Being managed with traffic management plans and monitoring
Waste & Drainage	Waste Plant Staff	Exposure to traffic hazards	High	Being managed
	Waste Plant Staff & Contractors	Exposure to other chemical hazards	High	Student engaged to ensure further legal compliance
	Waste Plant Staff	Moving machinery and plant	High	Being managed
	Contractor – solid waste	Contractor risk of injuries (cuts and manual handling) when collecting rubbish and recycling	High	Under constant review
	Waste Plant Staff	Work alone risk particularly at night	High	Being managed
	Contractors	Particularly high for contractor working alone at Hikurangi swamp in flooding situations	Critical	Under review
Water Treatment	Water Plant Staff & Contractors	Chlorine gas leak	High	Being well managed
	Operators	Work alone – particularly at nights	High	Being managed
Water treatment cont...	Staff & contractors	Exposure to traffic hazards	High	Being managed
	Staff & Contractors	Exposure to other chemical hazards	High	Student engaged to ensure further legal compliance
	Operators	Moving machinery and plant		Being managed
Positive Growth				
District Promotions and Tourism	Staff at i-Site and The Hub	Exposure to aggressive members of the public including risk of armed robbery	High	Work underway to mitigate risk, but still work to do

Department	Who is exposed	Highest Identified Risk	Risk rating (without controls)	Controls in place
Maori Relationships	Hapu Supervisors	Hapu supervision of council projects undertaken by people without specific training especially involving those required to enter confined spaces and excavations	Critical	Recent discovery that hapu supervisors engaged for council projects undertaking cultural supervision work have not received formal training in safety risks involved. Some good work in progress on this involving several departments.
Economic Development			Low	Only one staff member
Property	Contractors	Risk of contractors injuring themselves or others	High	Work in progress with group induction planned
	Tenants	Potential for asbestos exposure in some council owned premises related	Critical	Good work in progress and being managed
Venue and events	Staff and Contractors	Risk of fall from heights, particularly in the theatre	High	Excellent work undertaken recently to mitigate this risk and is being well managed
	Public	Multiple fatalities from fire or crushing to escape at large event	Critical	Being managed with some excellent work done recently
	Staff (and public)	Armed robbery and aggressive member of public contact at Ticketek office (risk increased by having only one exit in the Ticketek area)	Critical	Being managed but work to be done regarding the exit situation
District Living				
Building Compliance	Building inspectors	Exposure to aggressive members of the public particularly if they fail their building inspection	High	Under review following a recent incident, but well managed
	Building inspectors	High exposure to poor driving from others	High	Being managed with driving assessments and training undertaken

Department	Who is exposed	Highest Identified Risk	Risk rating (without controls)	Controls in place
Building Compliance cont...	Building inspectors	Exposure to general construction hazards	High	All staff undertake site safe construction passport training
Community Services	Contractors	City Safe officers while on night patrols, may be accosted by drunk and disorderly and aggressive members of public	Critical	Being managed (<i>although intoxicated members of the public do not always act reasonably</i>)
Policy and Monitoring	Staff (this includes all other office staff based at Walton Plaza and Forum North)	Traffic hazard – frequent walking across Walton Street	High	Entirely dependent on human behaviour
Regulatory Services	Contractors	Noise Control Officers at highest risk when undertaking noise complaint checks and are at risk from exposure to drunk and disorderly and aggressive members of public	Critical	This is being well managed with a number of processes and controls in place. Staff simply do not enter premises if risk too high
	Staff and contractors	Officers at risk when inspecting licensed premises	High	Well managed with controls in place
	Contractors	Dog Rangers at risk from upset and aggressive members of the public	High	This is being well managed but members of the public can behave badly.
	Contractors	Parking officers at constant risk of public abuse.	High	This is being well managed but members of the public can behave badly.
Resources Consents	Staff (Includes not only Resource consents but also Building, and Regulatory staff.	Fluctuating numbers of consents can create work pressure situations leading to OOS and workplace stress situations	High	Statutory time frames place the pressure on, in this and other affected areas

Support Services				
Customer Services	Staff and public	Aggressive customers, or as bystanders in an armed robbery	Critical	Work in progress, but still some way to go
Finance	Staff	Fluctuating work overload and long hours leading to potential OOS, stress and fatigue	High	Monitoring
	Staff and public	Armed robbery in cashier area (also putting customer services and customers at risk)	Critical risk	Work to be done to further mitigate risk. H&S and a specialist consultant have made recommendations in this area
Governance	Graphics Staff	Noise from events affecting staff in the publishing area	High	Just identified – work in progress
Information Services	Staff	Work overload and long hours leading to potential OOS, stress and fatigue	High	Several new large IT projects are currently underway
Human Resources		Traffic hazard – frequent walking across Walton Street	High	Dependent on human behaviour

Appendix 3

Legislative compliance - Legislation with commentary on compliance

Name of Legislation	Commentary
Health and Safety in Employment Act, 1992	Current overarching health and safety legislation to be repealed 4/4/16.
Health and Safety at Work Act, 2016	A plan has been in place for some months to ensure we achieve compliance. No concerns about meeting these by due date. Small policy wording changes only
Health and Safety Regulations, 1995	Current overarching regulations for the workplace. Possibly may be repealed in the future. Contractors may pose a risk in breaching some sections of this regulation.
HSE (Pressure Equipment, Cranes and Passenger Ropeways) Regulations	This particularly pertains to the Waste and Water treatment areas and to a lesser extent at the Fernery and Cemetery areas. Recent audits picked up issues, which have been addressed.
Hazardous Substances and New Organisms Act 1996	Full compliance to all requirements yet to be met. A plan is in progress to ensure this is achieved by then end of February 2016.
Accident Compensation Act 2001	Particularly pertaining to rehabilitation aspect. No concerns.
Electricity (Safety) Regulations 2010	Contractors may pose a risk in breaching some sections of this regulation. Work permits and monitoring manage these occasions.
Gas (Safety and Measurement) Regulations 2010	Work completed in this area, so no particular concerns.
Hazardous Substances (Compressed Gases) Regulations 2004	Areas pertaining to this are being managed.
Hazardous Substances (Disposal) Regulations 2001	Areas potentially pertaining to this are being managed.
<i>Draft:</i> Health and Safety at Work (Worker Engagement, Participation and Representation) Regulations, 2016	Very little if any work required to meet these new regulations.
<i>Draft:</i> Health and Safety at Work (General Risk and Workplace Management) Regulations 2015	Very little if any work required to meet these new regulations.
<i>Draft:</i> Asbestos Regulations, 2015	<p>This regulation and underpinning documents has some effect on two key areas;</p> <p>One being council premises likely to or known to contain asbestos need to be 'surveyed' by an approved person to ascertain if they contain asbestos or not. There is a plan, which is both active and in place to manage this regulation requirement.</p> <p>Second, being the requirement to remove all underground asbestos that has been damaged. This is not reasonably practicable for us (nor likely any other NZ Council). This has been fully researched and discussed with reasonable plans put in place to mitigate this risk.</p> <p>An example of why this cannot be achieved; some underground and redundant piping containing asbestos is on the properties of private land and we consider it 'unreasonable' to dig through people's private properties to retrieve old piping that is of very low risk to that home owner.</p>

Name of Legislation	Commentary
	Preliminary discussions held with local Worksafe staff to discuss this with a further discussion planned.
<i>Draft:</i> Health and Safety at Work (Adventure Activities) Regulations, 2015	Not in force yet. Reviewed, but we do not believe council activities fall under this scope except that we take reasonable care, when booking customers on involved activities through i-Site bookings.

Appendix 4

Monthly health and safety theme

Month	Theme	Commentary
October 2015	Earthquake preparedness	This covered participating in the national "Shakeout" programme. Staff were asked to review their workplaces for potential falling hazards then participated in a drill held on October 2015
November 2015	Drug and Alcohol	Presentations have been made available to staff, with an emphasis of reviewing the council draft drug and alcohol policy which is under review

Appendix 5

Comparison of the last three years WDC incidents

-Incident Type	(YTD)	2014 -2015	2013-2014
Serious Harm Injuries	1	6	3
Lost Time Injuries	3	14	13
Medical Treatment Injuries	17	19	37
First Aid Injuries	23	46	40
Discomfort and Pain Reports	30	18	9
Incident Reports	106	116	137
Hazard Report	170	185	64

2. Audit New Zealand - 2015 Audit Reports

Reporting officer: Pieter Labuschagne (Audit and Risk Analyst)

Date of meeting: 2 December 2015

1 Purpose

To present to the committee three independent Auditor's Reports recently issued by Audit New Zealand.

2 Recommendation

1. That the Audit and Risk Committee note the Audit Reports for the :
 - Whangarei District Council's 2015/25 Long-Term Plan;
 - the Council and group's annual report, and
 - the Council and group's summary annual report.

3 Background

Audit New Zealand issued three Audit Reports following their recent review of:

- Whangarei District Council's 2015/25 Long-Term Plan;
- the Council and group's annual report, and
- the Council and group's summary annual report.

Audit New Zealand expressed an unmodified audit opinion on Council and group's 30 June 2015 Summary Annual Report, and favorable audit opinions on both the 2015/25 Long-Term Plan, and the Annual Report.

The 2015/25 Long-Term Plan was adopted by Council on 24 June 2015 and the two Annual Reports on 28 October 2015. Going forward, Audit and Risk will collaborate with Audit New Zealand to present the Audit Reports to the Audit and Risk Committee prior to Council adoption.

4 Significance and Engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy. The public will be informed via Agenda publication on the website.

Attachments

1. [Independent Auditor's Report on Whangarei District Council's 2015/25 Long-Term Plan.](#)
2. [Independent Auditor's Report on Whangarei District Council and group's Summary Annual Report for the year ended 30 June 2015](#)
3. [Independent Auditor's Report on Whangarei District Council and group's Annual Report for the year ended 30 June 2015](#)

To the reader:

Independent auditor's report on Whangarei District Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Whangarei District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 24 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 39 to 41 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the District's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

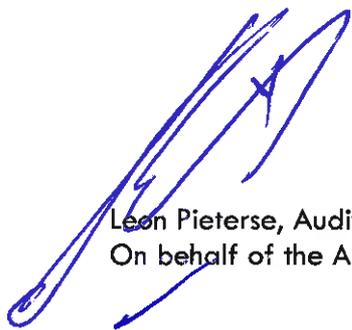
The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Leon Pieterse, Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand

Independent Auditor's Report

To the readers of Whangarei District Council and group's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Whangarei District Council (the District Council) and group. The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2015 on pages 78 to 79;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 76 to 81; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 82 to 159;
- the statement of service provision (referred to as our work in detail) of the District Council on pages 30 to 32 and each group of activities carried out by the District Council on pages 33 to 73;
- the funding impact statements in relation to each group of activities of the District Council on pages 33 to 73;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 33 to 73;
- the funding impact statement of the District Council on page 32; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 20 to 24.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on pages 129 to 130;
 - reserve funds on pages 131 to 132;
 - remuneration paid to the elected members and certain employees of the District Council on pages 149 to 151;
 - employee staffing levels and remuneration on page 151;

- severance payments on page 151;
- council-controlled organisations on pages 156 to 159;
- rating base units on page 102; and
- insurance of assets on page 122;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the District Council's decision-making processes on page 71; and
- a statement of compliance signed by the mayor of the District Council, and by the District Council and group's chief executive on page 6.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 76 to 159:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2015; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand;
- the statement of service provision (referred to as our work in detail) of the District Council on pages 30 to 73:
 - presents fairly, in all material respects the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the District Council on pages 33 to 73, presents fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;

- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 33 to 73, presents fairly, in all material respects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- the funding impact statement of the District Council on page 32, presents fairly, in all material respects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan; and
- the disclosures on pages 20 to 24 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 28 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the District Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision (referred to as our work in detail). If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the District Council;

- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision (referred to as our work in detail) within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the District Council

The District Council is responsible for preparing:

- financial statements and the statement of service provision (referred to as our work in detail) that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council and group's financial position, financial performance and cash flows; and
 - present fairly its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The District Council's responsibilities arise under the Local Government Act 2002.

The District Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The District Council is also responsible for the publication of the annual report, whether in printed or electronic form.

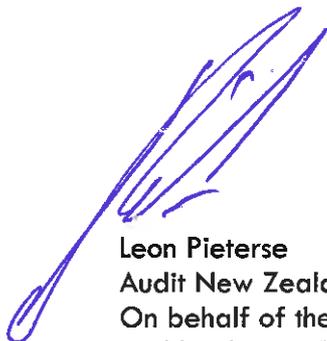
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the District Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this audit, and our work in carrying out audits of the Consultation Document for the District Council's proposed 2015 – 25 Long-Term Plan and the 2015 – 2025 Long-Term Plan as well as the Debenture Trust Deed audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Independent Auditor's Report**To the readers of
Whangarei District Council and group's summary annual report
for the year ended 30 June 2015**

The summary annual report was derived from the annual report of the Whangarei District Council and group (the District Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 12 to 17:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015; and
- the summary statement of service provision (referred to as Non-Financial Performance) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 28 October 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

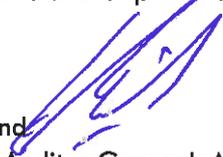
Responsibilities of the District Council and the Auditor

The District Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The District Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than this audit, and our work in carrying out audits of the Consultation Document for the District Council's proposed 2015 – 25 Long-Term Plan and the 2015 – 2025 Long-Term Plan as well as the Debenture Trust Deed audit, we have no relationship with or interests in the District Council or any of its subsidiaries.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand
28 October 2015



3. Supplier Bank Accounts Analysis

Reporting officer: Rich Kerr (Financial Controller)

Date of meeting: 2 December 2015

1 Purpose

To provide the committee assurance over internal control effectiveness following the positive outcome of a recent Supplier Bank Accounts Analysis performed by Financial Services.

2 Recommendation

1. That the Audit and Risk Committee note the positive outcome of the internal control effectiveness testing.

3 Background

Recently Deloitte provided a Fraud & Risk seminar which outlined some ways that Council could identify potential fraudulent activities.

It was suggested that Council could analyse cash outflows against individual suppliers to identify where supplier bank accounts had changed. This is a common way to commit fraud, so the control operating effectiveness testing was performed.

An analysis was prepared from the 1st January 2015 to the 31st July 2015 on cash outflows. The analysis identified that all bank account changes by supplier had adequate supporting documentation to confirm the change. This analysis confirms that the WDC has not been subject to this type of fraud. We do not intend to do further checks this financial year but it will be included in the Annual Internal Audit Plan for cyclical testing.

4 Significance and Engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy. The public will be informed via Agenda publication on the website.

RESOLUTION TO EXCLUDE THE PUBLIC

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

The general subject 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:

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i)}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

“That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.