Audit and Risk Committee

Agenda

Tuesday 21 March 2017

4.00pm

Waimakariri District Council Chambers
215 High Street
Rangiora

Members:

Deputy Mayor Kevin Felstead (Chairperson)
Councillor Neville Atkinson
Councillor Al Blackie
Councillor Sandra Stewart
Councillor Paul Williams
Mayor David Ayers (ex officio)
The Chairman and Members
AUDIT AND RISK COMMITTEE

A Meeting of the AUDIT AND RISK COMMITTEE will be held in the WAIMAKARIRI DISTRICT COUNCIL CHAMBERS, 215 HIGH STREET, RANGIORA on TUESDAY 21 MARCH 2017 at 4.00PM.

Adrienne Smith
Committee Advisor

Recommendations in reports are not to be construed as Council policy until adopted by the Council

BUSINESS

Page No

1 APOLOGIES

2 CONFLICTS OF INTEREST

Conflicts of interest (if any) to be reported for minuting.

3 CONFIRMATION OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 14 February 2017

RECOMMENDATION

THAT the Audit Committee

(a) Confirms the circulated minutes of a meeting of the Audit and Risk Committee, held 14 February 2017, as a true and accurate record.

4 MATTERS ARISING

5 PRESENTATION/DEPUTATION
6 REPORTS

6.1 Audit New Zealand Audit Engagement and Arrangements letters for the year ending 30 June 2017 – Jeff Millward (Manager Finance and Business Support)

RECOMMENDATION

THAT the Audit and Risk Committee

(a) Receives report No. 170301019614.

(b) Agrees to the engagement for the year ended 30 June 2017, as provided within the arrangements letter provided by Audit New Zealand;

(c) Agrees to the arrangements for the year ended 30 June 2017 as provided within the arrangements letter provided by Audit New Zealand;

(d) Notes the fees being proposed are expected to be relative to forecast budgets provided for the 2017.

6.2 Te Kōhaka o Tūhaitara Trust Statement of Intent for the year ending 30 June 2018 – Jeff Millward (Manager Finance and Business Support)

RECOMMENDATION

THAT the Audit and Risk Committee

(a) Receives report No. 170306021290.

(b) Receives the Statement of Intent for Te Kōhaka o Tuhaitara Trust for the year ending 30 June 2018;

(c) Notes that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka o Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka o Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.

6.3 Enterprise North Canterbury – Statement of Intent for 2017-18 – Simon Markham (Manager Strategy and Engagement)

RECOMMENDATION

THAT the Audit and Risk Committee

(a) Receives report No. 170308022219.

(b) Receives the Draft Statement of Intent for Enterprise North Canterbury for the year ending 30 June 2018;
(c) Notes that under the Local Government Act 2002, the Audit and Risk Committee may request ENC to make changes to the Statement of Intent. ENC would consider these changes requested and re-present the Statement of Intent prior to the 30 June;

(d) Notes ENC have extended an invitation to Council and Board members on Tuesday 28 March, at 2pm to look view their offices and gain a greater understanding of ENC operations and the services offered.


RECOMMENDATION

THAT the Audit and Risk Committee

(a) Receives report No170308022106.

(b) Receives the six monthly report for the period ended 31 December 2016;

(c) Notes that good progress is being made towards achieving the Objectives and targets set in the Statement of Intent.

6.5 Health and Safety Update March 2017 – Liz Ashton (Manager Organisational Development and Human Resources)

RECOMMENDATION

THAT the Audit and Risk Committee

(a) Receives report no. 170306021456.

(b) Notes that Contractor Management continues to be a high risk activity for the organisation and one of our key areas of focus for 2017.

(c) Notes the project plan which has been created following feedback from key internal stakeholders and addresses improvements to our current contractor management processes.

7 PORTFOLIO UPDATES

7.1 Audit, Risk, Long Term Plan and Excellence Programme – Deputy Mayor Kevin Felstead

7.2 Communications – Councillor Neville Atkinson

8 QUESTIONS

9 URGENT GENERAL BUSINESS
PRESENT

Deputy Mayor K Felstead (Chairperson), Mayor D Ayers, Councillors N Atkinson, A Blackie, S Stewart and P Williams

IN ATTENDANCE

Councillors P Allen, D Gordon
Messrs J Palmer (Chief Executive), J Millward (Manager Finance and Business Support), P Christensen (Finance Manager), Mrs L Ashton (Manager Organisational Development and Human Resources), Mrs V Spittal (Policy Analyst), Ms M Edgar (Corporate Planner), Mr G Meadows (Policy Manager, WDC), Mr G Byrnes (Te Kohaka o Tuhaitara Trust), Mrs C MacMillan (Te Kohaka o Tuhaitara Trust) and Mrs E Stubbs (Minutes Secretary).

1 APOLOGIES

Nil.

2 CONFLICTS OF INTEREST

Councillor N Atkinson declared a potential conflict of interest in relation to Item 6.1 Six month Financial Statements for the period ended 31 December 2016 - Te Kohaka o Tuhaitara Trust due to his role as a Trustee for Te Kohaka o Tuhaitara Trust.

3 RECEIPT OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 13 December 2016

Moved Councillor A Blackie seconded Councillor P Williams

THAT the Audit Committee

(a) Confirms the circulated minutes of a meeting of the Audit and Risk Committee, held 13 December 2016, as a true and accurate record.

CARRIED

4 MATTERS ARISING

S Stewart noted that she had requested the minutes for ENC at the previous meeting and asked for an update of when they would be available. J Millward replied that he would follow that up. Mayor Ayers noted there had been one meeting this year and those minutes had not been confirmed. He had provided a short report on ENC in his Mayor’s report.

5 PRESENTATION/DEPUTATION

Nil.
6 REPORTS

6.1 Six month Financial Statements for the period ended 31 December 2016 - Te Kōhaka o Tūhaitara Trust – Jeff Millward (Manager Finance and Business Support)

J Millward advised he would take the report as read and would pass over to G Byrnes (General Manager) and C MacMillan (Trustee) to provide an update from Te Kōhaka o Tūhaitara Trust.

G Byrnes commented that it had been an exciting first six months with a number of neat initiatives and consolidation of other projects such as the biota nodes and education programme. It was exciting where the residential recovery plan would take things for the next six months. There were potential funding opportunities and extension of relationship with University of Canterbury with the possibility for a research facility on site. There were a number of other things happening including an automated weather station.

C MacMillan noted with the 200 year vision with long term planting and restoration - the question was how to inspire the next generation. The University of Canterbury longitudinal studies and the schools programme were going very well and were part of that long term vision.

Mayor Ayers noted that under the residential red zone plan the Te Kōhaka o Tūhaitara Trust (the trust) was being allocated land in the Kairaki and Pines Beach area, were interested in the Eastern Conservation Management Area (ECMA) at Pegasus and were in talks with Trustees at Kaiapoi Pa and asked if the trust had the capacity for that. He requested that a comment be made on how the trust would deal with the extra land. C MacMillan commented that the trust recognised that there was one paid person and they were currently having discussions about the structure, functions and skill base required. They were in the process of drafting ideas around that and options for funding. They were conscious they had limited resources and currently had limited borrowing capacity. However, at the moment there was a lot of momentum, the UC relationship was strong and a number of potential funders were watching the space. They were conscious of being financially prudent. From a district point of view the park was the ‘jewel in the crown’ tourism wise and there was consideration of how that could be leveraged. G Byrnes added that he hoped the Council would support the ECMA. He noted there were economies of scale with the ECMA, Kairaki and Pines Beach area, the Pa site and a number of other riparian opportunities and that they were the funding opportunities to allow for additional staff.

Mayor Ayers commented that he believed funding from the Kaiapoi Pa area would be easier to achieve that the ECMA and asked if they had spoken to the Pegasus Residents Association. G Byrnes advised they had, and there was consensus from the association that the trust was the most appropriate agency to manage that on behalf of the community. G Byrnes also advised of an opportunity with the ‘Million metres’ crowd funding environmental project for riparian enhancement. G Byrnes noted that in terms of the ECMA, if the trust was not so enthusiastic on managing that on behalf of the community there would be a cost to the ratepayers for its management and there was an expectation that that would be the minimum the Council would invest and the trust would seek funding for additional work.

Councillor Blackie asked if $5000 for director insurance was reasonable and J Millward replied that it was, they were covered for the same public liability as councillors. It included working on site.
Mayor Ayers asked if the trust received funding from Te Rūnanga o Ngāi Tahu and G Byrnes advised it was listed under ‘Grants Other’ and that they received $80,000 per annum for three years.

J Millward advised the trust had sent their Statement of Intent which he had not picked up. It would be presented at next meeting in March.

Moved Mayor D Ayers seconded Councillor Stewart

THAT the Audit and Risk Committee
(a) Receives report Nº 170203010479
(b) Receives the Six month report for the Te Kōhaka o Tūhaitara Trust for the period ended 31 December 2016.

CARRIED

Mayor Ayers congratulated the trust on the great work they were doing and noted it was exciting to see what was ahead.

Councillor Stewart endorsed the comments of Mayor Ayers.

6.2 Health and Safety Update February 2017 – Liz Ashton (Manager Organisational Development and Human Resources)

L Ashton presented this report highlighting the achievement of tertiary status following the recent ACC Workplace Safety Management Practices (WSMP) Audit. This is an improvement on the previous audit and resulted in a twenty percent decrease in ACC levies and L Ashton believed it was a great achievement for the staff and management team.

Deputy Mayor Felstead noted that the Rangiora Service Centre dominated the report and asked about the rest of the district. L Ashton advised that due to the size of the organisation the auditors could take a snapshot of the business at their discretion. They had chosen to audit the Rangiora Service Centre and the Rangiora Library. Mayor Ayers asked if that snapshot could have been taken of the water unit for example, and L Ashton replied it could have, however it would not be looked at in isolation. The management system would be looked at alongside practices to see that there were consistencies.

Mayor Ayers noted the audit had been completed by ACC and asked where Worksafe fitted in. L Ashton advised that ACC had been completing the audits for a number of years. It was likely that the audit process would be reviewed in line with changes in legislation and something new would be rolled out in the future.

Councillor Allen commented that he was interested in staff safety in relation to dealing with clients, he noted emergency management came under the ACC brief and asked if ACC had any comments regarding the systems the council had in place for staff security. L Ashton commented that underway at the time of audit was a site safety security review. The audit had been completed for the Rangiora Service Centre, Rangiora Library and Kaiapoi Library, it was on a phased programme and part of a continuous improvement plan. ACC had advised that they were pleased WDC had taken action and looking to make improvements in that area.
THAT the Audit and Risk Committee

(a) Receives report no. 170201009393

(b) Notes the achievement of tertiary status on completion of the ACC WSMP audit completed in December 2016 and the associated 20% reduction in ACC levies which we are now able to claim for the next two years.

(c) Acknowledges the work which is currently being completed by the Health and Safety Advisor, Managers and Team members which significantly contributes to this achievement

CARRIED

Deputy Mayor Felstead congratulated the team on a good result.

### 6.3 Local Government Act 2002 Section 17A Service Reviews – Veronica Spittal (Policy Analyst)

V Spittal and M Edgar spoke to the report which presented completed S17A Service Review reports on the cost-effectiveness of certain services. V Spittal noted seven of the fourteen scheduled reviews for this financial year had been completed and the remaining seven would be considered at the May meeting. Three service reviews were programmed for the 17/18 financial year. The council was well on track for achieving its legislative requirements. V Spittal provided an apology for W Taylor who was not able to talk to the building control review.

V Spittal advised that the Building Control Review concluded the delivery of service was working well and status quo was recommended.

M Harris advised that the after hours telephone service which involved answering calls after hours, logging details, service requests and emergency callouts was delivered through an external contract based in Christchurch. M Harris advised that it was not a service that could be delivered in house giving resourcing requirements as it would require another two shifts with two people on site handling very few calls. CCC was in the process of getting a new telephone system and had the potential to take up the after hours service for WDC. A consideration would be the requirement for an alternate site that calls could be switched to. The recommendation was to continue with an external provider as it was the most cost-efficient option.

Councillor Atkinson requested clarification around item 5.1 of the report which referred to engagement of external expertise for a service review. J Palmer advised that all the service review related work had been undertaken using existing resources. If there was a part of the business that sought review with a different perspective to staff there would be the option to engage external expertise. The only area being looked at for external review was under the shared work programme and was a strategic assessment of Three Waters and Roading and looking at the best ways of delivering those services across Canterbury.

J Millward clarified that the S17 reviews were not to get mixed up with reviews of shared service agreements with a number of Councils. 25 councils were about to undertake a procurement and contract management
review with Deloittes. The cost of that was being shared across 25 councils and was cost efficient.

Mayor Ayers raised that two different departments had provided reviews in different formats and asked if they had the freedom to choose. V Spittal explained that there were templates for a light review and another for a full review.

Mayor Ayers asked in terms of the after hours service whether there was enough resilience to have one backup location. M Edgar commented that Christchurch and Auckland were geographically apart and that the system had worked well for the Christchurch earthquakes where calls were picked up in Auckland. The only issue was that Auckland did not know local conditions.

Mayor Ayers asked if there was the capability for WDC to say provide answering services for Timaru. M Edgar commented it would depend on the technology available. During an emergency staff could be requested to remain to take after hour calls. J Palmer noted that the idea of providing calls for other Councils had been looked at by Palmerston North and there were advantages and disadvantages. It was noted that the councils phone technology was up for review this year.

M Edgar advised that the Customer Services Rates Administration covered a wide range of functions most of which was carried out in house. The exceptions were property valuation services and processing and printing of rates assessments. A rates administration review by Ernest Young the previous year had recommended closer collaboration between councils to standardise policies and procedures. It was noted that rates were a highly specialised field and anything that documented the process was helpful. In addition the rates database was the nucleus for the rest of the council operation and its integration with the rest of the council system was critical.

Mayor Ayers asked if one Council could carry out the service for another council. M Edgar advised it was generally just for the Regional Councils. J Palmer commented the idea had been explored in Canterbury and while it may be possible the challenge was the integration and connectivity of the database. In terms of an independent provider able to the job, they did not exist.

J Millward advised that the Bay of Plenty had a system where there was a central agency that managed the rating valuations and councils extracted information onto their systems. For WDC to join that it would cost an extra $1.78 per ratepayer.

Mayor Ayers asked if it was legal for council to carry out its own valuations and M Edgar replied yes. It was not advocated. J Millward noted that there was a shared services arrangement with Waimakariri, Selwyn, Kaikoura and Ashburton District Council which had provided significant savings on valuation fees. It was also a way to transfer risk as the valuations were independent to council.
THAT the Audit and Risk Committee:

(a) Receives Report (Trim No: 170130007945).

(b) Approves the attached S17A Service Reviews for building control, customer services after hours telephone services and rates administration.

(c) Confirms no further S17A Service Review is required for up to six years for building control, customer services after hours telephone service, customer services rates administration (excluding valuation services).

(d) Agrees that a further review of valuation services be carried out in 2019.

CARRIED

Mayor Ayers thanked V Spittal and M Edgar for the reviews commenting that it was a good opportunity for the audit committee to look at various parts of the council operation. To have QV carrying out the rating valuations was an advantage from a conflict of interest point of view.

6.4  Non-Financial Performance Measures 2nd Quarter result as at 31 December 2016 – Maria Edgar (Corporate Planner)

M Edgar advised that she would take the report as read and asked if there were any questions. J Palmer noted the removal of red and green colouring for clarity and the table on Page 61 which tried to balance the need to read the whole document versus providing an overview.

Deputy Mayor Felstead appreciated the changes and noted he was able to focus on those measures identified.

Councillor Atkinson noted the below target performance of the building warrant of fitness audits commenting that his understanding was that they had been over resourced. J Palmer noted there had been a general slowdown in building consents however the team had been assisting with the earthquake response in Hurunui.

THAT the Audit and Risk Committee:

(a) Receives report no. EXC-08-03/ 170202009646  Non-Financial Performance Measures 2nd Quarter as at 31 December 2016.

(b) Notes 67% of performance measures for the 2nd Quarter were achieved, 29% have been almost met or it is too early to predict year end results at this stage of the financial year.

CARRIED
6.5 **Capital Projects Report for the period ended 31 December 2016 – Paul Christensen (Finance Manager)**

P Christensen presented this report on capital project expenditure to the end of December 2016. He noted the graphical presentation of on time/late projects.

Moved Councillor Atkinson seconded Deputy Mayor K Felstead

**THAT** the Audit and Risk Committee:

(a) **Receives** report No. 170127007442;
(b) **Circulates** report to the Board
(c) **Notes** the progress of the capital projects with 84% of the 262 projects on time or completed.

**CARRIED**

Councillor Atkinson commented the fact there were no questions ‘said it all’. The format was well understood. He would like to see progress on capital projects above 84% in time to come.

6.6 **Financial Report for the period ended 31 December 2016 – Paul Christensen (Finance Manager)**

P Christensen presented this report with the financial report for the period ended 31 December 2016 noting the new section which provided a brief snapshot of the financial statement measures. Three main points were noted:

- surplus was $4.2 which was over budget.
- external loans were at $90 million, there had not been any more debt raised this quarter.
- capital expense was $30 million which was 37% of the full year budget.

Moved Councillor Blackie seconded Councillor Williams

**THAT** the Audit and Risk Committee

(a) **Receives** report no.170201009079
(b) **Notes** that progress is tracking favourably in comparison to budget.

**CARRIED**

Councillor Blackie commented that the report had a much better presentation to follow.

Deputy Mayor Felstead commented it was good to have the snapshot on the first page so that it immediately highlighted any issues. P Christensen asked the committee if there were any other measures they would like displayed and there was consensus that the six presented were a good snapshot.
7 PORTFOLIO UPDATES

7.1 Audit, Risk, Long Term Plan and Excellence Programme – Deputy Mayor Kevin Felstead

Deputy Mayor Felstead advised there was a control group organised for the Long Term Plan.

The Excellence Programme was an item on the agenda for Rural and Provincial meeting in Wellington. J Palmer provided an update on the Excellence Programme advising the assessors would be present 13/14th March to undertake the assessment associated with the programme. Prior to that there needed to be an internal assessment which would be undertaken over the next 10 days. On Friday 23rd February the Mayor and Deputy Mayor would undertake a review of that document on behalf of council to say it was fair assessment. It would be circulated to all councillors to provide comment. There was a tight timeframe for it to be signed off Monday 26th February. There was a lot involved to complete the internal assessment.

7.2 Communications – Councillor Neville Atkinson

Councillor Atkinson noted the video content being placed on social media. He had provided a word of caution to Matt that care needed to be taken to have a good level of video rather than flood the market as people could stop taking notice.

Councillor Atkinson made the comment that some of the requests for reporting back particularly at the community board level were falling off the radar and he asked what triggered a response.

Councillor Atkinson said there had been a big step up on communication in comparison to just a few years ago including to social media and more understandable reporting.

Mayor Ayers commented that at the community board level a good way of making sure things were not forgotten was for member to write notes down and use the workshop time at the end to raise those issues. Members were currently using reporting time to raise issues which would be more productive if raised during workshop.

Councillor Allen commented that he had been asked by elderly ratepayers whether council meetings were open to the public. Following on from that he raised the idea of whether live streaming of council meetings could be investigated by Matt and his team. Councillor Atkinson advised that an investigation was already underway and a practice had been held at the last council meeting. If it was found to be achievable it would come back to council for consideration. J Palmer noted that one of the challenges was having a static camera verse effectively filming.

8 QUESTIONS

Nil.

9 URGENT GENERAL BUSINESS

Nil.
There being no further business, the meeting closed at 5.05pm.

CONFIRMED

______________________  ____________________
Chairperson              Date
1. **SUMMARY**

1.1. The purpose of this report is to present the Audit Engagement and Arrangement letters from Audit New Zealand for the year ending 30 June 2017 for consideration by the Audit and Risk Committee.

1.1.1. The **Audit Engagement letter** is a standard letter that Audit New Zealand sends to its clients explaining the responsibilities on the Council and Audit New Zealand;

1.1.2. The **Audit Arrangements letter** is provided to the Council outlining the audit timetable, fee and areas of focus. It may also contain specific areas of focus that are required to be undertaken on behalf of the Office of the Auditor General;

1.1.3. The Council also manages the audits on behalf of Te Kohaka O Tuhaitara Trust, Waimakariri District Libraries Trust & the Waimakariri Art Collection Trust.

1.2. Mr John Mackey (Audit Director) will be in attendance at the meeting to present the information.

**Attachments:**

i. Letters on the Audit Engagement, Arrangements from John Mackey, Audit New Zealand dated 21 February (TRIM no. 170301019527)

2. **RECOMMENDATION**

**THAT** the Audit and Risk Committee:

(a) **Receives** report N° 170301019614.

(b) **Agrees** to the engagement for the year ended 30 June 2017, as provided within the arrangements letter provided by Audit New Zealand;

(c) **Agrees** to the arrangements for the year ended 30 June 2017 as provided within the arrangements letter provided by Audit New Zealand;

(d) **Notes** the fees being proposed are expected to be relative to forecast budgets provided for the 2017.
3. **ISSUES AND OPTIONS**

3.1. The Auditor-General is appointed the statutory auditor of the Waimakariri District Council. The Auditor General has contracted Audit New Zealand to undertake the audits of our Council and its subsidiaries.

3.2. The Audit office has supplied the Council with the following information for agreement for auditing the Council for the year ended 30 June 2017.

3.2.1. **The Audit Engagement letter** is a standard letter that Audit New Zealand sends to all its clients explaining the responsibilities on the Council and Audit New Zealand;

3.2.2. **The Audit Arrangements letter** is provided to the Council outlining the audit timetable, fee and areas of focus. It may also contain specific areas of focus that are required to be undertaken by the Office of the Auditor General;

3.3. The audit engagement and arrangement incorporate auditing the additional requirements introduced by the Local Government Amendment Act, including changes to reporting, and information to be disclosed.

3.4. The Council also manages the audits on behalf of Te Kohaka O Tuhaitara Trust, Waimakariri District Libraries Trust & the Waimakariri Art Collection Trust.

3.5. The Council does not provide the administrative or accounting functions for Enterprise North Canterbury (ENC) and Audit New Zealand will discuss the audit arrangements directly with ENC.

3.6. The Audit Committee could recommend the acceptance of the Audit engagement, arrangement and proposal letters or negotiate other arrangements with Audit New Zealand.

3.7. The Management team & Chief Executive has reviewed this report and support the recommendations.

4. **COMMUNITY VIEWS**

4.1. Staff have discussed the arrangements with Audit New Zealand.

4.2. Readers and stakeholders of Council have an interest in the Auditor Report.

5. **FINANCIAL IMPLICATIONS AND RISKS**

5.1. The current budget provision for audit services, including disbursements for 2016/17 is $118,760.

5.2. The audit fee proposals are moderated by the OAG. The Director of Appointments has guidelines to follow when setting fees. Depending upon the size of the proposed increase and the reason for it then may discuss it with the relevant OAG sector manager. The Auditor-General has a final sign-off on the proposed fees. Audit NZ has signalled an increase of more than 5% to principally reflect the Council’s growth in size and complexity, and its ongoing Canterbury earthquake issues. The previous fees have not been adjusted for those factors. Audit NZ will be providing an analysis once the proposed fees have been moderated by the OAG. The fee is likely to be approximately $120,000.

5.3. The audit work carried out by Audit New Zealand provides added assurance regarding the accuracy of the Council’s financial statements.
6. **CONTEXT**

6.1. These issues are not matters of significance in terms of the Council's Significance Policy.

6.2. Under Policy S-DM1022, the Audit Committee has the jurisdiction to “Liaise with and manage the Council’s relationship and arrangements with the Council’s external auditors”.

6.3. The Auditor-General is the statutory auditor of the Waimakariri District Council under section 14 of the Public Audit Act 2001. Audit New Zealand have been appointed under sections 32 and 33 of the Act. Section 70 Auditor-General is auditor of council-controlled organisations.

6.4. Under section 99 of the Local Government Act 2002, the annual report is required to include an audit report.

6.5. Community Outcomes - “There are wide ranging opportunities for people to contribute to decision-making by public organisations that affect our District.

6.5.1. Public organisations make information about their plans and activities readily available.

6.5.2. Public organisations make every effort to accommodate the views of people who contribute to consultations”.

Jeff Millward  
Manager Finance & Business Support
21 February 2017

Mr David Ayers
The Mayor
Waimakariri District Council
Private Bag 1005
Rangiora 7440

cc Jim Palmer, Chief Executive Officer
Jeff Millward, Manager Finance and Business Support

Dear David

Audit engagement letter

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all “public entities”, including the Waimakariri District Council (the Council) under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2017 to 30 June 2019.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Council and me as the Appointed Auditor for the financial statements and performance information.

The objectives of the annual audit are:
• to provide an independent opinion on the Council’s financial statements and performance information; and

• to report on other matters relevant to the Council’s financial and other management systems that come to our attention, need improvement or are significant (for example, non-compliance with statutory obligations or a lack of probity).

We will carry out the audit in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). They require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Council’s financial statements and performance information are free from material misstatements.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

• preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;

• having such internal control as you determine is necessary to enable you to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error; and

• providing us with:
  o access to all information of which the Council is aware that is relevant to preparing the financial statements and performance information such as records, documentation, and other matters;
  o additional information that we may request from the Council for the purpose of the audit;
  o unrestricted access to Council members and employees that we consider necessary; and
written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary performance information in accordance with the applied criteria;
- to make the audited financial statements and summary performance information available to the intended users of that information without undue difficulty; and
- to include our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on them.

The Council’s responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the Council with delegated authority to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.
The Council should have documented policies and procedures to support its
general responsibilities. It should also regularly monitor performance against
its objectives.

The Council has certain responsibilities relating to the preparation of the
financial statements and performance information and in respect of financial
management and accountability matters. These specific responsibilities are
set out in Appendix 1. We assume that members of the Council are familiar
with those responsibilities and, where necessary, have obtained advice about
them.

**Our responsibilities**

**Carrying out the audit**

We are responsible for forming an independent opinion on whether the
financial statements and performance information of Council:

- comply with generally accepted accounting practice; and
- presents fairly, in all material aspects its position and performance.

An audit involves obtaining evidence about the amounts and disclosures in
the financial statements and performance information. How we obtain this
information depends on our judgement, including our assessment of the
risks of material misstatement of the financial statements and performance
information, whether due to fraud or error. An audit also includes evaluating
the appropriateness of accounting policies and the reasonableness of
accounting estimates, as well as evaluating the overall presentation of the
financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete
accuracy of the financial statements and performance information. Because
of the inherent limitations of an audit, together with the inherent limitations
of internal control, there is an unavoidable risk that some material
misstatements may not be detected, even though the audit is properly
planned and performed in accordance with the Auditing Standards.

During the audit, we consider internal control relevant to the Council’s
preparation of the financial statements and performance information, but not
for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

Please note that the audit does not relieve the Council of its responsibilities. The Auditor-General expects members of the Council to be familiar with those responsibilities and, where necessary, to have obtained advice about them.

However, we will communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we have identified during the audit.

The audit team is required to be alert for issues of:

- effectiveness and efficiency – in particular, how the Council and the Council have carried out their activities;
- non-compliance with laws, regulations, and contractual requirements;
- waste – in particular, whether the Council obtained and applied the resources of the Council in an economical manner and whether any resources are being wasted;
- a lack of probity – in particular, whether the Council and the Council have met Parliament's and the public’s expectations of appropriate standards of behaviour in the public sector; and
- a lack of financial prudence.

Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the Council (including management and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any such other engagements must be the subject of
a separate written arrangement between the Council and me or Audit New Zealand.

**Reporting**

We will issue an audit report that will be attached to the financial statements and performance information. This report contains an opinion that provides readers with reasonable assurance on whether the financial statements and performance information have been prepared in accordance with legal requirements, are free from material misstatements, and comply with financial reporting standards. It may also contain comment on matters such as compliance with statutory obligations and other matters that we consider may be of interest to the readers of the audit report. In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the financial statements and performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council (for example, internal control weaknesses, probity matters, or compliance with statutory obligations). We may also provide other management letters to the Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publically refer to matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

**Next steps**

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

Appendix 2 contains some additional “other” responsibilities for the audit.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If
after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor–General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely

John Mackey
Director
On behalf of the Auditor–General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signed ________________________________  Date ______________________
David Ayers
Mayor
Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
</table>

24
<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibilities for the financial statements and performance information</td>
<td></td>
</tr>
</tbody>
</table>
### Responsibilities of the Council

You are required by legislation to prepare financial statements and, where appropriate, other accountability statements that comply with generally accepted accounting practice in New Zealand and that present fairly, in all material respects the activities of the Council during the year, and its financial position at the end of the year.

You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.

You are required by legislation to prepare the financial statements and performance information and provide that information to the appointed auditor before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines.

### Responsibilities of the Appointed Auditor

We are responsible for carrying out an annual audit, on behalf of the Auditor-General, and to form an opinion on whether the Council’s financial statements and performance information have been prepared in accordance with legal requirements, comply with generally accepted accounting practice in New Zealand, and presents fairly, in all material respects the position and performance of the Council.

We will also read other accompanying information to the financial statements and performance information to identify whether there are material inconsistencies with the audited financial statements and performance information.

Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader’s overall understanding of the financial statements and performance information.

If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General’s preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.

An audit also involves evaluating:
- the appropriateness of accounting policies used and whether they have
<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>• the appropriateness of the content and measures in any non-financial accountability statements;</td>
<td>• the adequacy of all disclosures in the financial statements and performance information; and</td>
</tr>
<tr>
<td>• the adequacy of all disclosures in the financial statements and performance information; and</td>
<td>• the overall presentation of the financial statements and performance information.</td>
</tr>
<tr>
<td>• the overall presentation of the financial statements and performance information.</td>
<td>We will ask you for written confirmation of representations made to us about the financial statements and performance information. In particular, we will seek confirmation that:</td>
</tr>
<tr>
<td></td>
<td>• the adoption of the going concern assumption is appropriate;</td>
</tr>
<tr>
<td></td>
<td>• all material transactions have been recorded and are reflected in the financial statements and performance information;</td>
</tr>
<tr>
<td></td>
<td>• all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed; and</td>
</tr>
<tr>
<td></td>
<td>• uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information.</td>
</tr>
<tr>
<td></td>
<td>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</td>
</tr>
<tr>
<td>Responsibilities of the Council</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Responsibilities for the accounting records</strong></td>
<td></td>
</tr>
<tr>
<td>You are responsible for maintaining accounting and other records that:</td>
<td></td>
</tr>
<tr>
<td>• correctly record and explain the transactions of the Council;</td>
<td></td>
</tr>
<tr>
<td>• enable you to monitor the resources, activities, and entities under its control;</td>
<td></td>
</tr>
<tr>
<td>• enable the Council’s financial position to be determined with reasonable accuracy at any time;</td>
<td></td>
</tr>
<tr>
<td>• enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and</td>
<td></td>
</tr>
<tr>
<td>• are in keeping with the requirements of the Commissioner of Inland Revenue.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</td>
</tr>
<tr>
<td>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibilities for accounting and internal control systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and, where applicable, non-financial reporting.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems.</td>
</tr>
<tr>
<td>We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</td>
</tr>
<tr>
<td>We will report to you separately any weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</td>
</tr>
</tbody>
</table>
### Responsibilities of the Council

**Responsibilities for preventing and detecting fraud and error**

The responsibility for the prevention and detection of fraud and error rests with you through the implementation and continued operation of adequate internal control systems (appropriate to the size of the Council) supported by written policies and procedures.

We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.

We expect you to consider reporting all instances of actual, suspected or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud, where you, and/or any individuals within the Council with delegated authority have a reasonable basis that suspected fraud has occurred, regardless of the amount involved.

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### Responsibilities of the Appointed Auditor

We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for us to express an opinion on the financial statements and performance information, but we will:

- assess the effectiveness of internal control systems and procedures for preventing and detecting fraud and error; and
- report to you significant weaknesses in internal control systems and procedures for monitoring the prevention and detection of fraud and error that come to our notice and that we consider could be relevant to you.

We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected or alleged fraud.

As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected or alleged fraud to us.
<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so if it is appropriate for the purposes of protecting the interests of the public.</td>
</tr>
<tr>
<td>Responsibilities of the Council</td>
<td>Responsibilities of the Appointed Auditor</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td><strong>Responsibilities for compliance with laws and regulations</strong></td>
<td></td>
</tr>
<tr>
<td>You are responsible for ensuring that Council has systems, policies, and procedures (appropriate to the size of the Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the Council are complied with. Such systems, policies, and procedures should be documented.</td>
<td>We will assess whether you have systems, policies, and procedures to ensure compliance with those legislative, regulatory, and contractual requirements that are relevant to the audit. We will either perform specific audit tests to assess whether you have complied with statutory requirements that are relevant to the audit or will maintain an awareness for possible non-compliance that may be relevant to the audit. The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance. We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws, regulations, and contractual requirements that we consider may be relevant.</td>
</tr>
</tbody>
</table>
### Responsibilities of the Council

**Responsibilities to establish and maintain appropriate standards of conduct and personal integrity**

You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a “Code of Conduct” and, where applicable, support the “Code of Conduct” with policies and procedures.

The expected standards of conduct and personal integrity should be determined by reference to accepted “Codes of Conduct” that apply to the public sector.

### Responsibilities of the Appointed Auditor

We will have regard to whether you maintain high standards of conduct and personal integrity. Specifically, we will be alert for significant instances where members and employees of the Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.

The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant instances of departure from expected standards of conduct and personal integrity.

The Auditor-General, on receiving a report from us, may, at their discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.
<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsibilities for conflicts of interest and related parties</strong></td>
<td><strong>Responsibilities for conflicts of interest and related parties</strong></td>
</tr>
</tbody>
</table>

You should have policies and procedures to ensure that your members and employees carry out their duties free from bias. You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.

To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties and will be alert for other material related-party transactions. We will check that you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.
<table>
<thead>
<tr>
<th>Responsibilities of the Council</th>
<th>Responsibilities of the Appointed Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsibilities for publishing the audited financial statements on a website</strong></td>
<td><strong>We will perform procedures to satisfy ourselves that the information you intend including on your website is consistent with the audited financial statements and performance information and that the audit report will not be inappropriately associated with any information that has not been audited.</strong></td>
</tr>
<tr>
<td>You are responsible for the electronic presentation of the financial statements and performance information on Council’s website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented. If you intend to publish or reproduce the financial statements and performance information, together with the audit report, on a website, you must, before publication, provide us with a draft version of the documents to read and must obtain our approval to include the audit report with the information you intend publishing on the website. If the audit report is reproduced in any medium, you should present the complete financial statements, including notes and accounting policies as well as any other accountability statements. If you intend to post any new material not previously read by us, you must advise us before posting the new material.</td>
<td>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit. We will review the material on initial posting and on notification from you that new material has been posted on the website. We do not carry out ongoing monitoring of the material on your website.</td>
</tr>
</tbody>
</table>
Appendix 2: Other responsibilities

To meet the reporting deadlines, we are dependent on receiving the Council’s financial statements and performance information ready for audit and in enough time to enable the audit to be completed. “Ready for audit” means that the financial statements and performance information have been prepared in accordance with legal requirements, comply with generally accepted accounting practice and present fairly, in all material respects, the activities and position of the Council and are supported by proper accounting records and complete evidential documentation.

We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.

The workpapers that we produce in carrying out the audit are the property of the Auditor-General. Workpapers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.
21 February 2017

David Ayers
Mayor
Waimakariri District Council
Private Bag 1005
Rangiora 7440

Dear David

Audit for the year ending 30 June 2017

I am writing to outline our arrangements for the audit of Waimakariri District Council, and its subsidiaries, for the year ending 30 June 2017:

- Te Kohaka O Tuhaitara Trust;
- Waimakariri Art Collection Trust; and
- Waimakariri District Libraries Trust.

Agreement to be signed

On the next page is an agreement that you need to sign. Your signature confirms that the details of the audit match your understanding of the arrangements for this year’s audit.

Please sign and return one copy of the agreement, along with a copy of the details of the audit.

Details of the audit

Here we set out the proposed arrangements for this year’s audit. These include:

- business risks/issues and our audit response;
- areas of interest for all Local Authorities and;
- logistics such as our audit team, timing, and fees.

**Additional information attached**

We have attached two appendices for your information.

Please take the time to read this document thoroughly before returning the signed agreement. If there are additional matters that should be included, or any matters requiring clarification, please contact me.

Yours sincerely

John Mackey
Director

---

**Agreement to be signed**

*I acknowledge that the details of the audit set out here are in keeping with my understanding of the arrangements for the audit.*

Signed ___________________________  Date ______________

David Ayers
Mayor
Details of the audit

1 Introduction

This document sets out the arrangements for the audit of Waimakariri District Council (the Council) for the year ending 30 June 2017. These include:

- business risks/issues and our audit response;
- areas of interest for all Local Authorities; and
- logistics (such as our audit team, timing, and fees).

2 Your business risks/issues and our audit response

Based on the planning work and discussions that we have completed to date, we have identified what we consider to be the main business risks and issues facing the Council. Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence (as set out in the Audit Engagement Letter dated 21 February 2017).

The table below sets out the business risks and issues that we have identified in line with these requirements. The left-hand column describes these risks and issues. In the right-hand column, we describe how we plan to respond to these during the audit.

<table>
<thead>
<tr>
<th>Your business issues</th>
<th>Our audit response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On-going reporting issues relating to the Canterbury Earthquakes</strong></td>
<td></td>
</tr>
<tr>
<td>As in prior years, earthquake issues will continue to impact on both the financial and service performance information in the annual report. The Waimakariri Residential Red Zone Recovery Plan was approved by the Minister for Greater Christchurch Regeneration on</td>
<td>We will gain an understanding of the future use decisions made, and discuss with you any accounting implications that they may have. We will review management’s assessments of impairment, and the recognition of revenue from the Crown. Specifically our review will</td>
</tr>
</tbody>
</table>
### Your business issues

13 December 2016. The plan outlines the intended long-term uses of the residential red zone in Waimakariri to facilitate recovery.

The Council will need to address a range of accounting issues. These include:

- impairment of assets;
- revaluation of infrastructure assets;
- recognition of revenue from the Crown, under cost sharing arrangements; and
- the impact of the recovery plan on the accounting issues outlined above.

### Service performance reporting systems and controls

Last year was the first year that the Council reported on the mandatory non-financial performance measures mandated by the Department of Internal Affairs. We identified, for performance measures which rely on data in the service request system, that there were issues with the completeness of service requests, classification of service requests, and the accuracy of data entered into the system.

To address these issues, the Council needed to include additional disclosure in its annual report, and further unplanned audit procedures were required.

We were able to issue an

<table>
<thead>
<tr>
<th>Our audit response</th>
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</thead>
<tbody>
<tr>
<td>focus on the appropriateness of assumptions applied, robustness of estimates made, and compliance with relevant accounting standards.</td>
</tr>
<tr>
<td>We will also confirm the future use decisions have been appropriately reflected in the revaluations performed.</td>
</tr>
<tr>
<td>We will gain an understanding of the progress made with the recommendations made in our reports to the Council.</td>
</tr>
<tr>
<td>We will also update our understanding of changes to service performance systems to determine whether we will need to perform any additional work.</td>
</tr>
<tr>
<td>Your business issues</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>unmodified audit opinion but recommended improvements in both our interim and final reports to the Council. We are aware that changes continue to be implemented to improve the quality of data in the service request system.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and plant revaluation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>PBE IPSAS 17, Property, Plant and Equipment</em>, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. The Council has a policy that the asset classes, which are revalued, are revalued on a minimum three year valuation cycle. The exception to this is roading assets which are revalued annually. Land and buildings, roading, and parks and reserves assets were revalued as at 30 June 2016. The water, sewer, drainage (three waters) assets were last revalued as at 30 June 2014. The District Council is expected to revalue the three waters, and roading assets for the year ending 30 June 2017. The Council will need to demonstrate that the carrying value, is not materially different from fair value for asset classes which will not be revalued as at 30 June 2017.</td>
<td>We will review revaluations performed to assess whether they comply with relevant valuation and accounting standards, and the assumptions applied are reasonable. We will check that any movements in the valuations have been accounted for correctly. We will review management’s assessment as to whether the carrying value, for assets classes which are not to be revalued, are materially different from their fair values.</td>
</tr>
</tbody>
</table>
Your business issues | Our audit response
---|---
**Public Sector Concerns**
Under our wider audit mandate, we are required to be alert for and review matters of effectiveness and efficiency, waste, and a lack of probity or financial prudence. In relation to the Council, these matters could include the following:
  - situations were those in governance or management roles have potential conflicts of interest;
  - excessive or unusual ex gratia payments;
  - payments made to employees; and
  - frequent overriding of sensible policies for sensitive expenditure.

In the course of our usual audit work, we will remain alert for matters of effectiveness and efficiency, waste, and a lack of probity or financial prudence. Specifically, we will:
  - remain alert for conflicts of interest;
  - review any severance payments made by the Council; and
  - remain alert for potential probity issues with expenditure transactions that are sensitive in nature.

We will also follow up on progress made by the Council in its response to our previous recommendations.

Please tell us about any additional matters that we should be aware of as your auditor, and any specific significant business risks that we have not covered.

3 Logistics

3.1 Our audit team

The Audit New Zealand staff involved in the audit are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Mackey</td>
<td>Director</td>
</tr>
<tr>
<td>Chris Genet</td>
<td>Audit Manager</td>
</tr>
<tr>
<td>Sahil Datta</td>
<td>Audit Supervisor</td>
</tr>
</tbody>
</table>
### 3.2 Communications plan

Open, honest, timely communication between parties is fundamental to an efficient audit. We will maintain regular contact with the Council and management as specified in the table below:

<table>
<thead>
<tr>
<th>Communication with</th>
<th>Purpose</th>
<th>Timing</th>
</tr>
</thead>
</table>
| Chief Executive Officer | • To confirm major areas of audit focus and to discuss audit arrangements.  
• To discuss major findings from the audit process and add value to the Council through discussion of current and emerging sector issues.  
• To discuss emerging issues that may affect the Council’s operations, as they arise. | Six monthly, and as required. |
| Council or Audit Committee | • To establish major areas of audit focus and discuss audit arrangements.  
• Discussion of emerging strategic, operational, accounting or financial issues facing the Council.  
• Consider timely action to resolve emerging issues and proactive identification and discussion of significant issues to ensure no surprises.  
• Discuss major audit findings from the Council’s audit process including summary of issues material to the Council and Group audit, and from the audits of the Council’s subsidiaries. | Annually, and as required. |
| Manager | • To discuss major areas of audit | During the |
3.3 **Important dates in the audit process**

Our proposed timetable is:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim audit begins</td>
<td>15 May 2017</td>
</tr>
<tr>
<td>Draft interim report to the Council issued</td>
<td>9 June 2017</td>
</tr>
<tr>
<td>Draft financial statements available for audit¹</td>
<td>25 August 2017</td>
</tr>
<tr>
<td>Final audit begins</td>
<td>28 August 2017</td>
</tr>
<tr>
<td>Annual report available for audit</td>
<td>8 September 2017</td>
</tr>
<tr>
<td>Summary Annual report available for audit</td>
<td>22 September 2017</td>
</tr>
<tr>
<td>Audit opinion issued</td>
<td>3 October 2017</td>
</tr>
<tr>
<td>Summary Audit opinion issued</td>
<td>3 October 2017</td>
</tr>
<tr>
<td>Draft final detailed report to the Council issued</td>
<td>10 October 2017</td>
</tr>
<tr>
<td>Management responses due on draft report to the Council</td>
<td>24 October 2017</td>
</tr>
<tr>
<td>Finalised report to the Council, incorporating management comments, issued</td>
<td>by 31 October 2016</td>
</tr>
</tbody>
</table>

¹ Financial statements (including notes to the financial statements) with actual year-end figures.
3.4 **Our interim audit visit**

We will carry out the interim audit during May 2017. During this visit, we will focus on updating our understanding of the Council’s internal control. This includes review of the control environment, risk assessment processes and relevant aspects of information systems controls. We will use the results of this assessment to determine the extent to which we can rely on the information produced from your systems during our final audit.

3.5 **Our final audit visit**

Our final audit is scheduled to start on 28 August 2017 and is expected to last three weeks. During this visit we will be audit the balances, disclosures, and other information included in your financial statements.

3.6 **Important dates in the audit process for Te Kohaka O Tuhaitara Trust**

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft quality reviewed, complete financial statements</td>
</tr>
<tr>
<td>(incorporating the performance framework) to Audit New Zealand</td>
</tr>
<tr>
<td>Audit fieldwork to commence</td>
</tr>
<tr>
<td>Audit opinion issued</td>
</tr>
</tbody>
</table>

3.7 **Important dates in the audit process for Waimakariri Art Collection Trust and Waimakariri District Libraries Trust**

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft quality reviewed and complete financial statements</td>
</tr>
<tr>
<td>(incorporating performance framework) to Audit New Zealand</td>
</tr>
<tr>
<td>Audit fieldwork to commence</td>
</tr>
<tr>
<td>Audit opinion issued</td>
</tr>
</tbody>
</table>
3.8 **Professional fees**

Our audit fee estimates, for the year ending 30 June 2017, are yet to be determined. Once the fee moderation process has been completed with the Office of the Auditor General (OAG), we will reach an agreement with you through the Audit Proposal letter which we will issue separately.

The fee will be an estimate and assumes that the expectations discussed in Appendix 1 will be met. If this does not occur, or the scope of the audit changes, we will discuss this further with you.

Pending the finalisation of the Audit Proposal Letter with you, we propose to issue interim bills progressively during the audit, leaving the amount for the final fee to be issued only after the letter has been agreed with the Institute, as proposed below:

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>$40,000</td>
</tr>
<tr>
<td>September</td>
<td>$60,000</td>
</tr>
<tr>
<td>October</td>
<td>$8,000</td>
</tr>
<tr>
<td>November</td>
<td>TBC</td>
</tr>
</tbody>
</table>

To ensure we can complete the audit within the proposed time frame (see section 4.2) and agreed fee, it is critical that you make appropriate supporting documentation available to us on a timely basis. If this is not the case, it is likely to result in cost overruns, which we will seek to recover from you. To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.
Appendix 1: Additional information about the audit

Reporting of misstatements

We will include details of all uncorrected misstatements in our report to the Council. Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of the Council’s financial statements.

During the audit, we will provide details of any such misstatements that we identify, to an appropriate level of management. We will ask for each misstatement to be corrected in the Council’s financial statements. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council’s governing body that specify the reasons why the corrections will not be made.

Our expectations of you to enable an efficient audit

To enable us to carry out our audit efficiently within the proposed audit fee, we expect that:

- the Council will provide us with access to all relevant records and provide information in a timely manner;
- your staff will provide an appropriate level of assistance;
- the financial statements will be available at the start of the final audit, include all relevant disclosures, and be fully supported by a detailed workpaper file; and
- the annual report and financial statements (including the statement of service performance) will be subjected to appropriate levels of quality review before submission for audit.

Our audit fee is based on the assumption that we will review no more than two sets of the draft annual report, one printer’s proof copy of the annual report, and one copy of the electronic version of the annual report for publication on the Council’s website.
How we consider your compliance with statutory authority

As part of the Auditor-General’s mandate, we carry out an audit of compliance with statutory authority. Our audit is limited to obtaining assurance that you have complied with certain laws and regulations that may directly affect the Council’s financial statements or general accountability. Our audit does not cover all of the Council’s requirements to comply with statutory authority.

Our approach to this aspect of the audit will mainly involve assessing the systems and procedures that are in place to ensure compliance with certain laws and regulations that we consider to be significant. We will also complete our own checklists covering the key requirements of significant legislation. In addition, we will remain alert for any instances of non-compliance that come to our attention. We will evaluate the relevance of any such non-compliance to our audit.
Appendix 2: Areas of interest for all Local Authorities

As well as the risks and issues noted above, there are also other concerns common to the Local Government sector. The table below outlines our areas of interest for this year’s audit. The left-hand column describes each matter and the reasons for our interest. In the right-hand column, we describe how we plan to address each matter during the audit.

<table>
<thead>
<tr>
<th>Areas of interest</th>
<th>Our audit response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td></td>
</tr>
<tr>
<td>Rates are Council’s primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</td>
<td>For 2017, we will again consider the Council’s compliance with aspects of the LGRA that materially impact on the financial statements. Principally, this means we focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS), and review of a sample of differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA. Our review of compliance with legislation is completed to express our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The Council has the responsibility to ensure that it complies with applicable laws and regulations.</td>
</tr>
<tr>
<td>Possible LTP amendments</td>
<td></td>
</tr>
<tr>
<td>Every proposed amendment must be audited. An amendment arises where Council proposes:</td>
<td>We will remain alert for possible amendments throughout the year.</td>
</tr>
</tbody>
</table>
### Areas of interest

<table>
<thead>
<tr>
<th>Our audit response</th>
</tr>
</thead>
<tbody>
<tr>
<td>• a significant change to services levels [section 97 (1)(a)]; or</td>
</tr>
<tr>
<td>• to transfer ownership of a strategic asset [section 97(1)(b)]; or</td>
</tr>
<tr>
<td>• a significant change to the revenue and financing policy [section 103(4)].</td>
</tr>
</tbody>
</table>

### Financial reporting disclosures

<table>
<thead>
<tr>
<th>Financial reporting disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>We will check that all the disclosures, required by schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014, have been appropriately included in the Council’s annual report.</td>
</tr>
</tbody>
</table>

### Shared services

<table>
<thead>
<tr>
<th>Shared services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities are continually exploring opportunities to deliver enhanced and more efficient services. Among the range of options increasingly discussed are shared services, often with other local authorities.</td>
</tr>
<tr>
<td>Please advise us of any such arrangements the Council is considering. We will discuss, with management and the Council, any proposals for shared services and any other alternative forms of service delivery. Our objective will be to understand the proposals and their potential impacts on the Council and its services and activities.</td>
</tr>
</tbody>
</table>

### Development contributions

<table>
<thead>
<tr>
<th>Development contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development contributions, and financial contributions, which are levied under the Resource Management Act, are an important funding tool for many local authorities. This is particularly the situation for your Council as it is a territorial local authority addressing substantial ongoing growth, so development contributions are a major component of total revenue.</td>
</tr>
<tr>
<td>We will review the Council’s controls to check that all development contributions are charged in accordance with its policy. We will also confirm whether the use and application, of funds received, is appropriate and has been correctly accounted for.</td>
</tr>
</tbody>
</table>
## Areas of interest

| Development contributions can be contentious. There is a risk that developers may challenge Council’s compliance with legal requirements. Council may also face the risk of needing to repay contributions if developments do not proceed. To manage these risks, the Council needs to maintain adequate records. |

## Our audit response

| We will consider whether the Council has appropriate arrangements in place to effectively fulfil its oversight responsibilities for its CCOs including establishment of the rationale for its investment in its CCOs and the monitoring of the CCOs' performance. We will also establish whether statutory timeframes for preparation of the 2016/17 SOIs have been met for all CCOs. |

## Council’s governance role over Council Controlled Organisations (CCOs)

| CCOs are responsible to meet the accountability requirements of the Local Government Act 2002 (LGA), including preparation of Statements of Intent (SOIs) with appropriate involvement from their parent local authorities. Local authorities are responsible for the effective oversight of their CCOs. This includes monitoring their CCOs' performance and reviewing and commenting on draft SOIs of their CCOs within the timeframe set in the LGA, and ongoing monitoring of performance. Local authorities also need to ensure that they have articulated the rationale for their investments in their CCOs. |

## Project management

| A project–managed approach is important to effectively control capital works, changes to key IT systems and the process of change more generally – whether that is change to service delivery, or change to the way the Council operates. |

## Our audit response

| We will review the Council’s approach to project management and consider whether an adequate control framework is in place and operates effectively. |

## Conflicts of interest

| Conflicts of interest are an area of concern from two perspectives; probity |

## Our audit response

<p>| While it is primarily the responsibility of the Council to identify and manage |</p>
<table>
<thead>
<tr>
<th>Areas of interest</th>
<th>Our audit response</th>
</tr>
</thead>
<tbody>
<tr>
<td>and the potential for a conflict of interest, which is not well managed, to create significant legal and reputation risks. During 2007 the Office of the Auditor-General (OAG) published two sets of guidance for entities in this area. <strong>Managing conflicts of interest: guidance for public entities</strong>, explains how to understand conflicts of interest in the public sector, and how to identify, disclose, and manage them. It also considers both the legal and ethical dimensions of conflicts of interest. <strong>Guidance for members of local authorities about the law on conflicts of interest</strong> provides more specific guidance for councillors. This is an updated version of previously published guidance on the legal requirements that apply to council members in formal decision-making at meetings of their authority. The Local Authorities (Members’ Interests) Act 1968 controls the negotiation of contracts between councillors and the Council, and prevents councillors from participation in Council matters in which they have a pecuniary interest.</td>
<td>conflicts of interest, in the course of our usual audit work we will remain alert for conflicts of interest. If we identify particular risks related to the management of conflicts of interest, we may carry out further work to review the Council’s systems and processes. It is important that both the Council and councillors identify and manage compliance with the Local Authorities (Members’ Interests) Act 1968.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract management</th>
<th>We will review the Council's contract management process to assess whether it is functioning appropriately. Where we identify particular risks for contract management, we may carry out additional work to review the Council's policies, procedures or approach to contract management in practice.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract management is an important component of procurement. Contract management includes the effective management and monitoring of the delivery of goods or services to the agreed levels. It is essential to ensure that the Council obtains value for money from the procurement contracts it enters</td>
<td></td>
</tr>
<tr>
<td>Areas of interest</td>
<td>Our audit response</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Contract renewals provide opportunities for the Council to refresh contract expectations and deliverables to align to its LTP. They also provide opportunities for efficiencies and other savings.</td>
<td></td>
</tr>
</tbody>
</table>

**Elected members – remuneration and allowance**

The Local Government Act gives the Remuneration Authority responsibility to set the remuneration of local government elected members. The Authority also has the role to approve a local authority’s policy on allowances and expenses.

Council’s annual report must disclose the total remuneration received by or payable to each member of the local authority in the reporting period. A local authority must disclose remuneration paid or payable to each member from both the local authority and any council organisation of the local authority.

We will assess the Council’s compliance with the requirement to disclose the remuneration of each member of the local authority, in the annual report, against the relevant Local Government Elected Members Determination and any amendment to that Determination.

**Public Private Partnerships**

Public Private Partnerships (PPPs) are used to procure public infrastructure when this approach represents good value for money and is in the public interest. Any projects should only proceed, as a PPP, if this provides better value compared with what the same project could achieve under a more traditional procurement method.

We will discuss with the Council if any PPPs have been entered into or if the Council intends to enter into one.

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1. SUMMARY

1.1. The purpose of this report is to present the Statement of Intent (SOI) for Te Kōhaka ò Tuhaitara Trust (TKTT) for the year ending 30 June 2018 for consideration by the Audit and Risk Committee.

1.2. The purpose of a SOI is to:

(a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and

(b) provide an opportunity for Council, being a shareholder, to influence the direction of the organisation; and

(c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

1.3. Under its delegation the Audit and Risk Committee considers the SOI and provides any comments that it wishes the Trustee to consider in the SOI.

1.4. TKTT is required to consider the comments from Shareholders (Council & Ngai Tahu) within two months of the 1 March and deliver the completed SOI to the Shareholders on or before 30 June each year. The SOI was received on the 10 February 2016.

1.5. Greg Byrnes (General Manager) will be in attendance at the meeting to speak to the report.

Attachments:

i. Draft Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2018, with track changes (TRIM 170308022129)

2. RECOMMENDATION

THAT the Audit and Risk Committee:

(a) Receives report No 170306021290.

(b) Receives the Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2018;
Notes that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka o Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka o Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.

3. **ISSUES AND OPTIONS**

3.1. The Trust provided the draft SOI (showing the track changes) for comment.

3.1.1. Other than date changes the draft SOI is generally unchanged except for three objectives and performance targets being amended:

- objective 8 no longer has stage numbers for the rehabilitation of Tutaepatu lagoon, rather it states continue the restoration of Tutaepatu lagoon;
- objective 10 is new, Develop a comprehensive Te Kōhaka o Tūhaitara Education Strategy;
- objective 15 is new, Establish an animal pest control programme at the Pegasus Town ECMA;
- objective 16 is new, Develop a Concept Plan, in consultation with the community, for The Pines and Kairaki Beaches land included into Tūhaitara Coastal Park as an outcome of the Waimakariri Residential Red Zone Recovery Plan and; commence updates to the Tūhaitara Coastal Park Reserve Management Plan to cover these areas of the park.

3.2. The Audit and Risk committee have the option to:

3.2.1. Accept the SOI as presented;

3.2.2. Request TKTT to consider amending the SOI, in which case TKKT would consider these changes and is required to under the Act to represent the SOI to Council prior to 30 June.

3.3. The Management Team/CE has reviewed this report and supports the recommendations.

4. **COMMUNITY VIEWS**

4.1. Not specifically sought, however the performance measures include reporting requirements to both Ngai Tahu and the Ngai Tuahuriri Runanga.

4.2. The objectives and measures will be reported within the adopted Annual Plan in June and reported to within the Annual Report 2017-18.

5. **FINANCIAL IMPLICATIONS AND RISKS**

5.1. The Council has budget provision in the 2017/18 year of Draft Annual Plan totalling $79,570, consisting of an operating grant ($32,793, audit fees of 8,047), leases camps ($10,000) & forestry $20,680), with the balance, $5,350 being for Directors and insurance and 2,700 meeting allowances.

5.2. The Council also provides for the accounting, payroll and administrative services for the Trust,

5.3. The Statement of Intent provides the opportunity for Council to participate with setting direction, objectives, and the accountability measures the Trust will use to communicate its activities to Council.

6. **CONTEXT**

6.1. This matter is not a matter of significance in terms of the Council’s Significance Policy.
6.2. The Audit and Risk Committee has the jurisdiction to “review annually draft performance agreements, including Statement of Corporate Intent of the Council-controlled organisations and recommend adoption to Council” (Delegation S-DM 1022).

6.3. Legislation

The following are some relevant extracts from Schedule 8 of the Local Government Act 2002:

1 Purpose of statement of intent

The purpose of a statement of intent is to—
(a) state publicly the activities and intentions of a council controlled organisation for the year and the objectives to which those activities will contribute; and
(b) provide an opportunity for shareholders to influence the direction of the organisation; and
(c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

2 Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

3 Completion of statements of intent

The board must—
(a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and
(b) deliver the completed statement of intent to the shareholders on or before 30 June each year.

4 Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—
(a) given written notice to the shareholders of the proposed modification; and
(b) considered any comments made on the proposed modification by the shareholders or by any of them within—
(i) 1 month after the date on which the notice under paragraph (a) was given; or
(ii) any shorter period that the shareholders may agree.

5 Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in clause 9(1)(a) to (i), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

6 Statement of intent required if exemption granted under section 7 revoked

If an exemption granted under section 7 is revoked, the council-controlled organisation must,—
(a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or
(b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.

7 Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.
8 Savings of certain transactions
A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

9 Contents of statements of intent
A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:
(a) the objectives of the group; and
(b) a statement of the board’s approach to governance of the group; and
(c) the nature and scope of the activities to be undertaken by the group; and
(d) the ratio of consolidated shareholders’ funds to total assets, and the definitions of those terms; and
(e) the accounting policies of the group; and
(f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
(g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
(h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and
(i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and from any local authority (whether or not the local authority has agreed to provide the compensation); and
(k) the board’s estimate of the commercial value of the shareholders’ investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
(l) any other matters that are agreed by the shareholders and the board.

2 If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—
(a) the annual report of the council-controlled organisation; and
(b) the annual report of the local authority.

3 Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.

6.4 Community Outcomes
The work of Te Kohaka o Tuhaitara Trust contributes to the outcomes that:

- Public spaces and facilities are plentiful, accessible and high quality;
- There are wide ranging activities for enjoying the outdoors;
- Public Organisations give effect to the spirit of the Treaty of Waitangi;
- The community’s cultures, arts and heritage are conserved and celebrated;
- People have a wide ranging opportunities for learning and being informed;
- People are friendly and caring, creating a strong sense of community in our district and;
- There are wide ranging opportunities for people to contribute to the decision-making by public organisations that affects our District.
DRAFT STATEMENT OF INTENT
FOR THE YEAR ENDING 30 JUNE 2018

INTRODUCTION
Te Kōhaka o Tūhaitara Trust is a creation of Statute under the Ngāi Tahu (Tūtaepatu Lagoon Vesting) Act 1998, that gave effect to certain provisions of the Deed of ‘On Account Settlement’, signed on 14 June 1996 by the Crown and Te Runanga o Ngāi Tahu as representative of Ngāi Tahu, -
(a) By vesting Tūtaepatu Reserve in Te Runanga o Ngāi Tahu; and
(b) By providing for the establishment of a recreation reserve at Woodend.
Tūtaepatu Lagoon is defined in Schedule 1 of the Act; and the recreational lands are defined in schedule 2 of the Act.
The Act required the Waimakariri District Council and Te Runanga o Ngāi Tahu (The Settlors) to establish a Trust to manage and administer the reserves. By a Deed, dated 31 August 1998, the Settlors established a charitable Trust known as Te Kōhaka o Tūhaitara Trust, whereby the trustees shall be 3 appointed by the Waimakariri District Council and 3 from Te Runanga o Ngāi Tahu. The Ngāi Tahu (Tūtaepatu Lagoon Vesting) Act 1998 provides the legal mechanism for this to be achieved.
Te Kōhaka o Tūhaitara Trust is a Council Controlled Organisation (CCO) under the Local Government Act 2002, because the Council appoints half of the trustees.
Accordingly, the Trust must prepare an annual Statement of Intent and meet certain reporting requirements under the Local Government Act.
The purpose of the Statement of Intent is to specify the purpose, direction and objectives of the Trust and thereby providing an accountability mechanism for the operation of the Trust.

THE OBJECTS OF THE TRUST
The object of the Trust is to manage and administer the Reserve under the management plan prepared in accordance with the Trust Deed for so long as the Reserve is classified as a Recreation Reserve pursuant to the Reserves Act.

NATURE AND SCOPE OF ACTIVITIES
Tūhaitara Coastal Park covers approximately 575ha of land along the coastline from the Waimakariri River mouth to Waikuku Township. Stretching along the coast for 10.5 kilometres it comprises many natural features of local, regional and national importance to the people of New Zealand. As a coastal park it will provide a range of opportunities to preserve Ngāi Tahu values, retain and enhance biodiversity, and provide recreational and educational opportunities for all people.
The Minister of Conservation has appointed the Trust as a local authority for the purpose of the Reserves Act 1977.
The Trust has commenced implementation of the adopted Management Plan.
The Reserves Act does not apply to the Tūtaepatu Lagoon, although the Tūhaitara Coastal Park and Waikuku Beach Reserves Management Plan does. Part B Waikuku Beach
Reserve, which is administered by the Waimakariri District Council, is a separate Reserve but is also subject to the Reserve Management Plan as the land is contiguous.

GOVERNANCE ARRANGEMENTS

The Trust’s policies and objectives are detailed in the Tūhaitara Coastal Reserve Management Plan. The Statement of Intent is the Trust’s annual work programme aimed at meeting the vision To create a coastal reserve which is founded on and expresses strong ecological, conservation and cultural values and provides opportunity for compatible recreation and education activities for all people of New Zealand and to uphold the mana of Ngai Tahu Whanui by protecting and enhancing the mahinga kai values of Tūtaepatu lagoon.

The Trust is required to meet at least twice per year to provide governance over the Trust’s activities, and copies of minutes are distributed to the Settlors. The Trust meets monthly to ensure that the expectations required by the management plan are realised.

All staff, volunteer and contractors working in the Tūhaitara Coastal Park are required to comply with the Te Kōhaka o Tūhaitara Trust Coastal Park Health and Safety Plan.
OBJECTIVES & PERFORMANCE TARGETS 2017 -2018

All of the listed performance targets will be prioritised and evaluated with consideration to the success in obtaining external funding and the needs of our adjoining communities.

The Trust will:

1. Manage and administer the Reserve in accordance with the approved Reserve Management Plan.
2. Ensure that the health and safety and employment conditions of Trust staff, contractors, and visitors meet relevant legislation.
3. Ensure all reporting mechanisms to the Settlors are timely and within their statutory timeframes.
4. Ensure that lease agreements are compatible with the Reserve Management Plan and finalised where necessary to maximise the revenue potential for the Trust.
5. Promote the cultural significance and history of the land and ensure this is reflected in new programmes.
6. Maximise the opportunities for additional partnerships and sustainable funding to continue with the rehabilitation of Tūhaitara Coastal Park.
7. Develop two performing biota nodes to progress the long-term goal of indigenous coastal forest along the length of the Tūhaitara Park.
8. Continue the rehabilitation of Tūtaepatu Lagoon.
9. Continue the rehabilitation of The Pines wetland.
10. Develop a comprehensive Te Kōhaka o Tūhaitara Education Strategy.
11. Ensure that access and maintenance programmes are in line with strategic plans and priorities and that they are appropriately resourced.
12. Provide and maintain a minimum 15 kilometres of walking, cycling, and bridle trails within the park for recreational purposes.
13. Ensure concessions for events and other activities on Trust land will have Health and Safety Plans and Public Liability Insurance. (Note: Concessions are not just for events, but can be for ice cream vehicles, coffee vehicles, and research activities; they are a mechanism to control all activities.)
14. Ensure all work programmes and maintenance activities are consistent with the Park’s cultural, biodiversity, ecological, and recreation values.
15. Establish an animal pest control programme at the Pegasus Town ECMA.
16. Develop a Concept Plan, in consultation with the community, for The Pines and Kairaki Beaches land included into Tūhaitara Coastal Park as an outcome of the Waimakariri Residential Red Zone Recovery Plan and commence updates to the Tūhaitara Coastal Park Reserve Management Plan to cover these areas of the park.
INFORMATION TO BE PROVIDED TO THE SETTLORS

The Trust shall present:

- A six monthly report on the Trust’s activities shall be provided, in accordance with the Local Government Act 2002, on the financial performance and position and its progress towards the Performance Targets and other Measures contained in the Statement of Intent.
- An Annual Report shall be prepared in accordance with the Local Government Act 2002, and the reporting requirements prescribed from time to time by the Settlors.
- Copies of the minutes of meetings.
- The MOU between the Trust and the WDC sets out the partnership and requirements
- Ngāi Tahu have informed the Trust that it should report directly to Ngāi Tūahuriri Runanga which will be done quarterly

OTHER REQUIREMENTS

Ratio of Trustee Funds to Total Assets

The ratio of Trust Funds to Total Assets shall be maintained at a minimum of least 90%.

- **Trust Funds** means the retained earnings of the trust as at balance date.
- **Total Assets** means all current and non-current assets of the Trust as at balance date.

Profits and Financial Reserves to be Distributed

The Trust will not distribute any profits or financial reserves during the financial year.

Interests in Other Organisations

The Trust will not purchase or accept an ownership interest in any other organisation, without the prior approval of the Settlors.

Commercial Value of the Trust

The Trustees’ estimate of the value of the Trust is the level of retained earnings shown in the latest audited financial statements. The Trustees will consider the Trust’s value annually as part of the preparation of the Annual Report.

Activities the Trust is Seeking Compensation from the Council

The Council provides administrative support and financial management for the Trust and compensates the three Council appointed trustees with meeting allowances.

From time to time the Trust may request the Council to assist the Trust by contributing to various projects on the Trust land. Other than in these circumstances, there are no activities that the Trust is seeking compensation from the Council, other than for any land leased to the Council, which will be on normal commercial terms and conditions.

Accounting Policies

Refer to Appendix 1
Appendix 1

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY AND STATUTORY BASE
Te Kōhaka o Tūhaitara Trust is a Trust established to manage and administer the Recreation Reserve contained in the deed of interest of Ngāi Tahu Whanau and other New Zealanders in terms of the Reserves Act 1977.
The financial statements will be prepared in accordance with New Zealand Generally Accepted Accounting Practice.

MEASUREMENT SYSTEM
The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust.

ACCOUNTING POLICIES
The following specific accounting policies that materially affect the measurement of financial performance and financial position are applied:

(a) Fixed Assets
Fixed assets are recorded at valuation deemed appropriate at the time of transfer, by Quotable Value New Zealand. Valuation was based on a fair market value. Depreciation is recognised in the Statement of Financial Performance on a straight line basis over the estimated life of each part of an item of property, plant and equipment. The estimated useful life for the current and comparative periods are as follows:
    Property, plant and equipment 4-10 years.

(b) Goods and Services Tax (GST)
The Trust is registered for GST. The financial statements are prepared exclusive of GST, with the exception of receivables and payables, whose invoices include GST.

(c) Receivables
Receivables are stated at expected realisable value, after a provision (if any) for doubtful balances.

(d) Differential Reporting
The Trust qualifies for Differential Reporting. Full advantage will be taken of all differential reporting exemptions.

CHANGES IN ACCOUNTING POLICIES
There have been no changes in accounting policies.

The Trust changed in June 2015 to report under Public Benefit SFR-A basis replacing New Zealand equivalents to International Financing Reporting Standards (NZIFRS) and differential reporting
WAIMAKARIRI DISTRICT COUNCIL

REPORT

FILE NO: FIN-01, GOV-01-05 / 170308022219

REPORT TO: Audit and Risk Committee

DATE OF MEETING: 21 March 2017

FROM: Simon Markham, Manager Strategy and Engagement

SUBJECT: Enterprise North Canterbury (ENC) Statement of Intent for 2017-18

SIGNED BY: (for Reports to Council or Committees)

1. SUMMARY

1.1. The purpose of this report is to seek Committee approval of ENC’s Statement of Intent (SOI) for 2017-18:

1.1. The purpose of a SOI is to:

(a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and

(b) provide an opportunity for Council, being a shareholder, to influence the direction of the organisation; and

(c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

1.2. Under its delegation the Audit and Risk Committee considers the SOI and provides may comments that it wishes the Trustee to consider in the SOI.

1.3. ENC is required to consider the comments from Shareholders (Waimakariri & Hurunui Councils) within two months of the 1 March and deliver the completed SOI to the Shareholders on or before 30 June each year.

1.4. Heather Warwick (Chief Executive) will be in attendance at the meeting to speak to the report.

Attachments:

i. ENC Draft Statement of Intent for 2017-18 from ENC (Trim 170303020842).

2. RECOMMENDATION

THAT the Audit and Risk Committee:

(a) Receives report No. 170308022219.

(b) Receives the Draft Statement of Intent for Enterprise North Canterbury for the year ending 30 June 2018;

(c) Notes that under the Local Government Act 2002, the Audit and Risk Committee may request ENC to make changes to the Statement of Intent. ENC would consider these changes requested and re-present the Statement of Intent prior to the 30 June;
(d) Notes ENC have extended an invitation to Council and Board members on Tuesday 28 March, at 2pm to look view their offices and gain a greater understanding of ENC operations and the services offered.

3. **ISSUES AND OPTIONS**

3.1. ENC have presented the draft SOI for consideration by Council.

3.2. The SOI for 2017-18 has been updated to reflect date changes to the plan. The objectives and targets are substantially the same as the previous year and as in the Strategic Plan.

3.3. The SOI also does not currently reflect the amounts provided by the Waimakariri & Hurunui District Councils and will be updated in the final plan presented to the Council.

3.4. ENC have extended an invitation to elected Council and Board members to tour the ENC Kaiapoi offices and listen to a presentation about what ENC does on Tuesday 28 March, at 2pm. This will be a great opportunity for elected members to ask questions about the ENC operation and gain a greater understanding of ENC's role and linkage with the Community and Council.

3.5. The Management Team and CE have reviewed this report and support the recommendations.

4. **COMMUNITY VIEWS**

4.1. Interested community views are reflected in the adopted Local Economic Development Strategy and in ENC's on-going dialogue with the visitor industry.

5. **FINANCIAL IMPLICATIONS AND RISKS**

5.1. Draft Annual Plan provides for the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Budget</td>
</tr>
<tr>
<td>Annual Funding</td>
<td>193,240</td>
<td>197,490</td>
</tr>
<tr>
<td>Events</td>
<td>46,350</td>
<td>47,370</td>
</tr>
<tr>
<td>Promotions</td>
<td>365,720</td>
<td>373,770</td>
</tr>
<tr>
<td></td>
<td>605,310</td>
<td>618,630</td>
</tr>
</tbody>
</table>

5.2. ENC formally reports to the Audit Committee at six monthly intervals and meets with WDC staff to monitor progress against adopted Plan KPI's and address any issues that arise.

6. **CONTEXT**

6.1. This is not a matter of significance in terms of the Council’s Significance Policy.

6.2. Community Outcomes that are particularly relevant to this report are:

- Businesses in the District are diverse, adaptable and growing
- The Community’s cultures, arts and heritage are conserved and celebrated
- People are friendly and caring, creating a strong sense of community in the District.

6.3. The District Promotion contract with ENC provides for the contractor to prepare, and for Council and the ENC Board to jointly approve the annual business plan.

6.4. Councils Role in Economic Development Policy (S-CP1405):

Simon Markham
Manager Policy and Customer Service
STATEMENT OF INTENT

For the Financial Year Beginning 1 July 2017

INTRODUCTION

North Canterbury Economic Development Trust trading as Enterprise North Canterbury (ENC) is a Council Controlled Organisation (CCO) established by the Waimakariri District & Hurunui District Councils. This Statement of Intent sets out the overall intentions and objectives for the period of 1 July 2017 to 30 June 2020.

NATURE AND SCOPE OF ACTIVITIES

ENC is an Economic Development Agency with a vision:

“To foster an Exceptional North Canterbury by encouraging the development of exceptional infrastructure, businesses and experiences”

THE OBJECTIVES OF THE TRUST

The objects of the Trust as set out in clause 3.1 of the Deed of Trust are to:

a) “Cultivate economic initiatives and foster growth for the benefit of the North Canterbury Community
b) Promote the economic, environmental, cultural and social well being of the North Canterbury Community
c) Foster, develop and assist in the management of best practices and effective use of the resources of North Canterbury
d) Promote and nurture community-based, sustainable economic growth through projects to benefit the people of North Canterbury Community”

In pursuing these objects ENC will:

- Operate with the utmost integrity and highest of ethics
- Be innovative, proactive and professional in all aspects of its operations
- Work collaboratively in all activities it facilitates or undertakes
- Respect the democratic processes of the sponsoring Councils.

ENC’s modus operandi is to "stimulate/facilitate/liberate" new projects, as initiatives will only lead the regional economy to a higher level if a project is self-sustaining in the hands of the private sector. ENC does not see itself as "owning" projects in the long term. Accordingly when assessing new initiatives ENC will:

- Promote the sustainability of business
- Have an awareness of the needs of the community within which business operates
- Be a leader and facilitator but not an investor in development projects

THE PERFORMANCE MEASURES

In pursuit of its vision ENC has adopted strategic objectives against which its performance will be monitored.
**ENC Strategic Objectives**

**Performance Measures 2017/18**

*Vision: To foster an Exceptional North Canterbury by encouraging the development of exceptional infrastructure, businesses and experiences*

### Strategic Objective 1: Exceptional Businesses (including Agriculture)

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Target</th>
</tr>
</thead>
</table>
| **Objective 1.1**  
*Support existing businesses by the provision of training, coaching, and mentoring services and networking opportunities*  
Deliver the Regional Business Partner Programme for NZTE  
Provide training of local business owners and managers  
Provide networking opportunities to market, share knowledge, exchange information three times a year  
Support local businesses by referring them to the appropriate support agency  
Expand ENC’s Business Partner Programme to provide increased services to local businesses  
Communicate with businesses so they are well informed | A minimum of 80% satisfaction of services provided by ENC through NZTE annual customer survey  
Undertake 57 Capability Assessments and issue a minimum of $68,833 NZTE Vouchers  
A minimum of 24 businesses referred to Business Mentors NZ  
A minimum of 80% satisfaction rate of 20 business training courses with 80 people attending, with attendees expressing a minimum of 80% satisfaction rate  
Run 3 networking functions with a minimum of 60 attending and each event is fully sponsored  
A minimum of 30 businesses referred to external agencies (excluding BMNZ)  
Secure financial commitment of business partners  
A 10% increase in business partners signed up  
A minimum of 10 electronic newsletter distributed |
<table>
<thead>
<tr>
<th>Objective 1.2</th>
<th>Celebrate and Recognise Business Leaders in the region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1.3</td>
<td>Undertake analysis of regional employment opportunities and trends</td>
</tr>
<tr>
<td>Objective 1.4</td>
<td>Assist Hurunui Town Development</td>
</tr>
<tr>
<td>Objective 1.5</td>
<td>Manage the ENC Business Centre for local businesses to use</td>
</tr>
<tr>
<td>Objective 1.6</td>
<td>Manage the recovery of Hurunui businesses adversely affected by the earthquake</td>
</tr>
</tbody>
</table>

- Informed about services and support available to them
- Maintain and grow ENC’s website and social media
- Enhance northcanterbury.co.nz website and Facebook and increase number of visitations
- Grow social media channels and website visitors by 10%
- Organise the biennial business awards
- Full sponsorship of seven categories is achieved
- An increase of 10% business entries
- Have a high level of understanding of local labour market conditions and economic confidence in North Canterbury
- ENC complete 2 business confidence surveys with a minimum of 50 businesses participating and results are picked up by newspapers
- ENC and the Council’s fully understand the needs of small businesses in rural townships
- Survey completed and distributed
- Business initiatives are created following engagement
- ENC to assist in implementing two activities as a result of their engagement
- Achieve revenue targets as included in the Business Case justifying the establishment of the Business Centre
- Marketing plan is written and implemented
- External revenue of $77,531 is generated
- Partner with private sector to fund the rental and running costs of business centre
- Retain current sponsors
- Support businesses still working through earthquake recovery processes
- Provide individual assessments of those businesses still requiring support, make referrals and linkages to the appropriate organisation
- Provide advocacy for continued funding, if required, from MBIE to support the recovery of businesses and tourism in the Hurunui
## Strategic Objective 2: Promote the Waimakariri District
Service delivery agreed annually between WDC and ENC

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promote the Waimakariri District to businesses and visitors</strong></td>
<td>Overall satisfaction by WDC</td>
</tr>
<tr>
<td></td>
<td>Favourable response from annual report to WDC and renewal of service delivery contract</td>
</tr>
<tr>
<td><strong>2.1 Business Promotion</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Build a long range approach to promote market awareness of the district</strong></td>
<td>Implement the business promotion marketing plan</td>
</tr>
<tr>
<td></td>
<td>Build online technical and statistical information relevant to new businesses</td>
</tr>
<tr>
<td></td>
<td>Integrate online business information with visitor information</td>
</tr>
<tr>
<td></td>
<td>Identify business sector gaps with potential for establishment within the Waimakariri</td>
</tr>
<tr>
<td></td>
<td>Work alongside WDC on the regeneration areas (red zone) in Kaiapoi with regard to business use land</td>
</tr>
<tr>
<td></td>
<td>Increase in the number of businesses attracted to the district, and to retain the number of high growth businesses resident in the District.</td>
</tr>
<tr>
<td></td>
<td>Supply all statistical information on ENC and WDC websites</td>
</tr>
<tr>
<td></td>
<td>Showcase business and visitor promotion across both ENC and Visit Waimakariri websites</td>
</tr>
<tr>
<td></td>
<td>Research into business sector gaps completed</td>
</tr>
<tr>
<td></td>
<td>Identification of business opportunities for the regeneration areas of Kaiapoi</td>
</tr>
<tr>
<td><strong>2.2 Marketing and Coordination</strong></td>
<td>Promote the District so visitors are attracted to visit and spend in the District by the special experiences and attractions offered</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>2.3 Events</strong></td>
<td>Promote and support quality events which reinforce the strengths and brand of the District and are embraced by the community</td>
</tr>
<tr>
<td><strong>2.4 Kaiapoi i-SITE</strong></td>
<td>Provide i-SITE services so visitors and residents receive timely, quality information and promotion advice that encourage them to visit and meets their information needs</td>
</tr>
</tbody>
</table>
THE BOARD’S APPROACH TO GOVERNANCE

The Board of Trustees is responsible for the overall corporate governance of ENC. The Trust Deed sets out the governance responsibilities of the Trustees. The Board guides and monitors management of the business and affairs of the Trust on behalf of the Councils to whom they are accountable. The Mayors of each of the Councils are Trustees, and the two CEO’s are Advisory Trustees. The Board meets two monthly.

THE ACCOUNTING POLICIES

The Trust is a not-for-profit organisation. The Trust has adopted accounting policies that are consistent with the Financial Reporting Act 1993 and Financial Reporting Standards issued by the Institute of Chartered Accountants of New Zealand. The Trust has elected to apply the PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability and has total annual expenses of less than $2m.

THE RATIO OF CONSOLIDATED SHAREHOLDERS FUNDS TO TOTAL ASSETS

As at 30th June 2016 the Trust’s Equity comprised 63% of total assets and 100% of net assets. Equity is defined as the sum of the amount of retained earnings and accumulated losses. Total assets are defined as the sum of the net book values of current assets and non-current assets as disclosed in the Trust’s annual report.

DISTRIBUTIONS TO SHAREHOLDERS

The Trust’s Equity is not distributed, but is held in reserve to fund the Trust’s future economic development activities and Waimakariri District promotion activities as appropriate.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS

Annually the Trust reports to the Councils, with the following matters being covered:

- Trust Directory
- Review of the Year’s Activities
- Report against the Year’s Performance Measures
- Statement of Financial Position
- Statement of Cashflows
- Statement of Financial Performance
- Statement of Movements in Equity
- Notes to the Accounts
- Auditor’s Opinion

Half yearly reports are provided to Councils including a statement of income and expenditure for the period, and a report of achievements against the Trust’s objectives.

Quarterly reports are required by WDC.

The two Mayors and CEO attend Board meetings and receive bi-monthly management and financial reports. The Trust’s Strategic Plan and the Annual
Business Plan and Budget are made available to the two Councils following its approval by the ENC Board

**PROCEDURES FOR MEMBERS TO ACQUIRE SHARES**

There is no means for Trustees to acquire shares.

**COMPENSATION FROM LOCAL AUTHORITIES**

The Trust receives seed capital from the two District Councils to enable it to initiate its economic development activities. In addition ENC has a service contact with Waimakariri District for the provision of District Promotion services. The following table sets out the current level of funding and that projected for the next three years (excl. GST).

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waimakariri</td>
<td>$TBA</td>
<td>$TBA</td>
<td>$TBA</td>
<td>Economic Development</td>
</tr>
<tr>
<td>District Council</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waimakariri</td>
<td>$TBA</td>
<td>$TBA</td>
<td>$TBA</td>
<td>District Promotion</td>
</tr>
<tr>
<td>District Council</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hurunui District</td>
<td>$TBA</td>
<td>$TBA</td>
<td>$TBA</td>
<td>Economic Development</td>
</tr>
<tr>
<td>Council</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TBA = Councils to determine through their Annual Plan processes

If any other contracts are entered into between the Trust and any territorial or regional authority, payment of the contract price will be required from such contracting authority.

**COMMERCIAL VALUE OF THE SHAREHOLDERS’ INVESTMENT**

The commercial value of the shareholders’ investment is the Trust’s equity is $399,922 at 30 June 2016 as stated in the annual report.

The Trust Deed requires that “the capital and income of the Trust fund shall be applied only within New Zealand to meet the Objects of the Trust”. On winding up all surplus assets are to be applied by the Councils to similar purposes as the Objects of the Trust. No reassessment of the Trust’s commercial value is therefore proposed.

**OTHER MATTERS**

The Trust has a contract with Waimakariri District Council for the provision of promotion services until 30 June 2018. The contract has a right for the trust to call for renewal of the contract for a further three years. The contract has a minimum annual level of funding specified ($200,000) but provides for the Council to confirm a final level of funding each year as it approves the annual Promotion Business Plan, prior to the commencement of each year.
1. SUMMARY

1.1. The purpose of this report is to present the Six Month Report for the period ended 31 December 2016 from Enterprise North Canterbury (ENC).

1.2. Generally actual income is being received and actual expenditure is being spent to budget. The revised forecast for year-end results a $2,536 surplus.

1.3. ENC have provided a detailed six monthly commentary in relation to the objectives and targets identified within the statement of intent agreed with the Council last June and making good progress towards achieving the measures set.

1.4. General Manager Heather Warwick of ENC will be in attendance at the meeting to present the information.

Attachments:

i. Six Monthly Report for the period ended 31 December 2016 (Trim ref 170303020842).

2. RECOMMENDATION

THAT the Audit and Risk Committee:

(a) Receives report N°170308022106.

(b) Receives the six monthly report for the period ended 31 December 2016;

(c) Notes that good progress is being made towards achieving the Objectives and targets set in the Statement of Intent.

3. ISSUES AND OPTIONS

3.1. The Six Monthly Report to the 31 December 2016 is provided and indicates that ENC is working within its financial budgets and substantially meeting its non-financial performance measures that were planned.

3.2. The expenditure lines within the six monthly accounts for the period ended 31 December 2016 are slightly underspent ($19,466). ENC have revised both the year end income and expenditure resulting in a surplus of $2,536 instead of the $15,932 deficit. This is generally due to the earthquake support income and corresponding expenditure of $80,000. Business Centre income is forecast to be slightly more than budget, with corresponding expenditure slightly less.

3.3. Reference is provided to the comprehensive report has been provided with the six month accounts. The Trust is satisfied with the results being achieved.
3.4. The Management Team/CE has reviewed this report and supports the recommendations.

4. **COMMUNITY VIEWS**

4.1. N/A

5. **FINANCIAL IMPLICATIONS AND RISKS**

5.1. The Council provides the following funding to ENC

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget (Adopted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>54061122</td>
<td>Annual Funding</td>
<td>193,240</td>
<td>197,490</td>
</tr>
<tr>
<td>12021300</td>
<td>Events</td>
<td>46,350</td>
<td>47,370</td>
</tr>
<tr>
<td>12021301</td>
<td>Promotions</td>
<td>365,720</td>
<td>373,770</td>
</tr>
<tr>
<td></td>
<td>Budget (provision)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>605,310</td>
<td>618,630</td>
</tr>
</tbody>
</table>

5.1. ENC formally reports to the Audit and Risk Committee at six monthly intervals and meets with WDC staff to monitor progress against adopted Plan KPI's and address any issues that arise.

6. **CONTEXT**

6.1. Policy

6.1.1. This matter is not a matter of significance in terms of the Council’s Significance Policy.

6.1.2. The Audit and Risk Committee has the jurisdiction to “review annually draft performance agreements, including Statement of Corporate Intent of the Council-controlled organisations and recommend adoption to Council” (Delegation S-DM 1022).

6.1.3. The Statements of Intent and reporting is a requirement of the Local Government Act 2002 sections, 64-70.

6.2. Community Outcomes - The work of Enterprise North Canterbury contributes to the outcome that “the economic base will be diverse, sustainable and responsive to change”.

Jeff Millward
Manager Finance & Business Support
December 2016 Half Year Report to Waimakariri & Hurunui District Councils

1. **Introduction**

This report has been prepared to meet the reporting requirements of the Statement of Intent for the 2016/17 year and follows the format of the Annual Business Plan.

2. **Nature and Scope of Activities**

The vision of ENC is:

“To foster an Exceptional North Canterbury by encouraging the development of exceptional businesses and experiences”

ENC’s role is to enable and empower others in the engine room of the regional economy to do better: to export more; to employ more people in well-paid jobs; and to contribute to the growth in the wealth of our community. This is achieved via a number of programmes. Core funding from the Waimakariri and Hurunui District Councils is leveraged with contracts from central government, and supported by project-specific funding from local industries.

3. **Activity Report**

**GOAL ONE  Developing Exceptional Businesses (including Agriculture)**

**Objective 1.1 Support existing businesses by the provision of training, coaching, and mentoring services and networking opportunities**

a. **Deliver the Regional Business Partner Capability Voucher Programme**

<table>
<thead>
<tr>
<th></th>
<th>Full Year Budget</th>
<th>Actual Allocated YTD</th>
<th>% Budget Delivered YTD (50% of year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZTE Fund (Vouchers)</td>
<td>$80,000</td>
<td>$34,565</td>
<td>43%</td>
</tr>
<tr>
<td>Number of NZTE Capability Assessments completed</td>
<td>61</td>
<td>35</td>
<td>57%</td>
</tr>
<tr>
<td>Number of Business Mentor Referrals</td>
<td>24</td>
<td>14</td>
<td>58%</td>
</tr>
</tbody>
</table>

$34,565 was allocated to 43 businesses to assist with training or coaching.

We have advised 16 startup businesses and provided them with resources to help with their planning.
NZTE survey all businesses that take part in the Regional Partner Programme. We are pleased to report that ENC received a 100% rating for both overall satisfaction and value of information provided. The national averages were 92% and 96% respectively.

On track with 14 businesses directly referred to Business Mentors in six months. Business Mentors reports that they have matched 31 North Canterbury Clients to mentors over this period.

b. Provide Training to Local Business Owners and Managers

*Run at least 20 workshop/seminars with 160 business people attending, with a minimum of 80% of participants finding the overall standard to be very good or excellent*

ENC has run 11 half day workshops YTD with 34 businesses attending with an income of $25,610 (40% of annual budget). We have a good programme of workshops scheduled for March to June 2017.

The courses we ran received a 100% satisfaction rating from participants.

c. Provide Networking Functions at least three times a year

*A minimum of 60 people attending each networking event and fully sponsored*

ENC ran two sponsored functions this period with WDC and ECAN, attracting 100 attendees and 80 attendees respectively.

d. Support local businesses by referring them to the appropriate agency

*A minimum of 30 businesses referred to external agencies for funding*

- 20 referrals to CECC courses
- 8 referrals to other training
- 15 referrals to advanced business programmes
- 73 referrals to business service providers
- 317 referrals to free online resources

e. Expand ENC’s Business Partner Programme to provide increased services to local businesses

*Secure and increase of 10% financial commitments from business partners*

The number of business service partners has remained steady at 13 paying $1,000 each for a one year partnership with ENC.

f. Maintain a strong communication programme with businesses

i. ENC profile in local publications

- We posted news on our website regarding business relevant stories and services in the region – including post-quake support available for business owners. This information has also been promoted via our social media channels
- Media release on six month anniversary of ENC Business Centre – re-iterating the services and purpose of the business centre for the local business community
- Article on commercial property and business development in the region
- Quote on ENC’s role in working with local groups in Kaiapoi
- In November much of our communications were focused on getting information out to businesses in quake effected areas of North Canterbury. We published several news
pieces post-quake regarding the subsidies and assistance becoming available. These were posted on our website and also shared via our social media sites.

- December – an opinion piece in Northern Outlook encouraging residents to support local businesses over the holiday period

ii Website
The website of www.northcanterbury.co.nz is constantly updated with new and informative content and we can report positive organic growth in visitor numbers of over 50%.

Website stats six months to Dec 2016 as compared to same period the previous year.

- Sessions for the six month period = 56,719 vs 20,250 last year (180% increase)
- Users for the six month period = 35,523 vs 11,391 last year (211% increase)
- Page Views increased by 57% going from 61,689 last year to 97,225 in 2016.

The new www.northcanterbury.co.nz website is due to go live on January 18, 2017 after securing a reputable web development company and working together to create a highly functional website within budget and on-time.

iii. Social Media
The social media strategy is a programme delivered by ENC’s Online Editor and Communications Advisor, who are the primary contributors to all social media channels. Hootsuite (social media management tool) is currently being trialled to assess its effectiveness in improving our social media reach. Twitter was introduced and has proven effective as a promotional tool for ENC.

iv. Newsletter
ENC produced six electronic newsletters this period to approximately 2,500 recipients with an open rate of 25%.

Objective 1.2 Celebrate and recognise business leaders in the region


The 2016 North Canterbury Business Awards were the most successful to date. Full sponsorship was achieved and these awards were the first to return a small profit to ENC.

- The number of entries increased in seven categories from 47 in 2014 to 60 in 2016.
- The Ohoka School Hall was at full capacity of 350 for the Gala Dinner and Awards ceremony.
- Participants reported a 90% satisfaction rate in entering the awards, with 61% reporting a positive experience, 29% reporting and excellent experience and 10% reporting a neutral experience.
- The equivalent of 11% of the North Canterbury population voted in the People’s Choice award.

Objective 1.3 Undertake analysis of regional employment opportunities and trends

We completed our October Business Confidence Survey in association with Research First. The analysis of this survey is available on our website. It was distributed to Councils, businesses and interested parties.

Objective 1.4 Assist Hurunui Town Development

a. We had started interviewing Amberley Businesses but had to put a hold on that to manage the economic response to the November 14 earthquake.
b. Earthquake affected business update
ENC has supported the Hanmer Springs, Waiau and Cheviot communities in depth and have been instrumental in sourcing funding from MBIE for businesses to recover from this event. This included:

- Lobbying for the extension of the earthquake support subsidy to include all earthquake affected businesses
- Applying for $80k from MBIE to employ a business recovery coordinator for up to 6 months to work with earthquake affected businesses and supporting a request for marketing funding for Hurunui Tourism in the amount of $350k
- Assisting MSD by doing assessments of businesses for the ESS requiring additional information and completing full assessments of 70 Hurunui businesses. We estimate that we had a direct impact in preventing the closure of 30 businesses with approximately 300 employees affected.
- Heather represents the economic stream of the Recovery Management Team set up for HDC. This has involved numerous meetings and establishing an economic recovery strategy with action points and funding accessed from MBIE. Heather has also been working very closely with MSD’s Labour Market Manager for Canterbury. This has been a very beneficial and useful partnership.

Objective 1.5 ENC Business Centre

a. Business Centre Activity

<table>
<thead>
<tr>
<th></th>
<th>Full Year Budget</th>
<th>Actual YTD</th>
<th>% Budget Delivered YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room Hire</td>
<td>$13,646</td>
<td>$8,750</td>
<td>64%</td>
</tr>
<tr>
<td>Catering</td>
<td>$11,840</td>
<td>$4,228</td>
<td>36%</td>
</tr>
</tbody>
</table>

b. Activity
Over these six months the business centre had 61 bookings, with over 20 first time hirers and many repeat customers.

It has become a popular location for business meetings and ideal for local businesses holding recruiting and performance interviews in the small meeting rooms.

The active marketing plan has resulted in utilisation of the available ENC facilities to a level greater than that anticipated in the Business Case. Interest continues to grow.

Feedback from Evaluations
“The variety of sizes of the meeting rooms was very useful. The proximity of the venue to the in-house cafe and the Kaiapoi shops was also very handy. The staff were extremely helpful and friendly. We have had a great experience every time we have used your services. Thank you.” Jay Goodenbour DSC Group

“Thank you for your great service. Lovely premises.” Jude Walker Sicon

c. Communications and marketing of the Business Centre

- June-July 2016:
  - a piece in Essence Magazine
  - a third page feature in the Press
  - a half page editorial in Meeting Newz
  - an adwords campaign was initiated
- a sponsor function was held with ENC board and staff
- a promotional video was produced and posted on ENC’s website, social media and YouTube

- **August 2016 – Business Awards** - all 60 interviews with the judges were held in the Business Centre
- **September 2016:**
  - Invitation only function for two groups of corporates. Both very successful and resulted in bookings
  - A large advert in the Press when advertising the winners of the Business Awards
- **October 2016**
  - Half back page advert in the CHCH Campaign inserted into the Press (54,000 copies)
- **Nov/Dec 2016**
  - Prominent window signage of the services the business centre offers facing both Williams and Charles Streets
  - Signage on carpark entrance
  - Marketing plan updated
  - Advert in the North Canterbury Business Directory

**Summary:**
The end result of a full year since the establishment of the ENC Business Centre has been excellent in both terms of the team and performance of the centre itself. It has finally brought the entire team together on one site and they were all part of the journey and establishment of their space. It has also provided the North Canterbury business community with a professional meeting and training space and is proving to be recognised as such. The feedback has been amazing and the results show in its increasing use.

**GOAL TWO: Promote Waimakariri District**
A full report on this contract is provided directly to the Waimakariri District Council.

4. **Financial Performance**
The Profit and Loss Account contained in **Appendix 1** shows performance for the first 6 months of the year.

**YTD income is ahead of budget by $7,896,** key variances include:
- Business Training is down $4k due to no workshops being held from Nov or December
- Business Attraction is up $3.7k due to advertisements paid for by businesses in the Press
- Event Income is up $7k due to advertisers joint marketing
- Kaiapoi i-SITE is up $6k due to maintaining good bookings over the busy season
- Visit Waimakariri is down $3k due to the timing of the ChCh Campaign, contribution from businesses (timing)

**YTD Expenses is $20k below budget,** key variances are:
- NC Business Awards expenses are down $11k due to savings in staff costs and function expenses
- Business Attraction is down $11k due to being lower than staffing budget (originally budgeted 20 hours of Tom per week).
- Kaiapoi i-SITE expenses are up $4k due to increased turnover
- Visit Waimakariri is up $16k due to the website and Christchurch campaign being undertaken in the first half of the financial year (timing)
- Admin expenses are down due to timing of projects and lower insurance costs
ENC’s forecast trading result is projecting a surplus of $20k compared with a budgeted surplus of $6k.

5. **Sponsorship**
   - ENC has maintained gold sponsorship with MainPower as ENC’s corporate sponsor and the three Silver Sponsors (Spark, BDO and Research First) and eight Bronze Sponsors for the ENC Business Centre in the amount of $69,000.

6. **Staff**
   - This period ENC employed a new full time Office Coordinator to replace Kim Fletcher Purdon (13 hours i-SITE) and Lydia Mounter (15 hours events administrator) who both resigned after 4 and 2 years service respectively.
   - Following consideration of the feedback from affected staff, the restructuring of Business Attraction roles as a result of changed requirements under the WDC Promotion Contract was completed in July. One position was disestablished and two were varied to accommodate the increased requirement for their skills as requested by Waimakariri District Council.

7. **Governance**
   - IOD Health and Safety Checklist for ENC. Trustees worked through a structured programme of questions on best practice of management during this six month period.
   - Both Councils approved the appointment of Craig Patterson, part owner of North Canterbury Vets, as an ENC Trustee in October 2016.
   - ENC’s risk register was reviewed by Trustees and updated.

8. **Summary**
   The Trust is very satisfied with the results being achieved by ENC and firmly believes it is making a positive difference for the business sector in North Canterbury. The level of financial and in-kind support received from industry reinforces this view, as does the success in securing central Government funding for its programmes.

Nick Harris
Chairman

Heather Warwick
Chief Executive
1. **SUMMARY**

1.1. The purpose of this report is to provide Audit & Risk Committee with further detailed commentary on some key projects or activities associated with the Waimakariri District Council’s Health & Safety System.

1.2. In order for Council to exercise their “due diligence” in Health & Safety a greater understanding of Health & Safety activity is required across all business areas. This report is not an exhaustive list of work being undertaken; however does highlight some key projects and acknowledges changes in safety culture throughout the organisation.

1.3. This report focuses on the proposed Contractor Management project plan and the reasons why this review is a key priority for the organisation during 2017.

**Attachments:**

i. Contractor Management Action plan 2016

2. **RECOMMENDATION**

**THAT** the Committee:

(a) *Received* report No. 170306021456

(b) *Notes* that Contractor Management continues to be a high risk activity for the organisation and one of our key areas of focus for 2017.

(c) *Notes* the project plan which has been created following feedback from key internal stakeholders and addresses improvements to our current contractor management processes.

3. **ISSUES AND OPTIONS**

3.1. Contractor management has been identified as one of Waimakariri District Council’s greatest health and safety risks, as the Council is the principal to a large number of some of the largest contracts in the District. Contract management ranges in size and type
across the organisation, encompassing work types such as construction, civil, forestry, maintenance and service provision.

3.2. During early 2014 it was recognised that the approach to health and safety management of the broad range of contracts was inconsistent, and that defined processes were required to ensure that the risk was being managed adequately across the organisation.

3.3. The implementation of contractor health and safety processes has occurred during the last 18 months since mid-2014, particularly in regard to physical works contracts. The review of these processes was scheduled for late 2016 to determine what is going well, what the challenges are, and what needs further change or improvement.

3.4. In addition to the internal review of processes, an improvement action was also noted in the most recent ACC Workplace Safety Management Practices external audit (December 2016):

'Ensure the contractor monitoring procedures are consistently applied to all contractors, including those working at office / service centre sites. Regular reviews of their health and safety performance allows for a more robust evaluation at the end of the contract. These reviews could be carried out by Health and Safety Representatives or other staff, following appropriate training'.

3.5. Improvement themes and a proposed action plan are attached to this report.

3.6. These actions have been developed to reflect a wider frame of context than health and safety alone. This is due to the fact that in reviewing the health and safety aspects of the process, it became clear that there are parallel inconsistencies across the organisation in other areas of contract management, which can be rectified by using the same approach.

3.7. In support of our commitment to ensuring health and safety due diligence in this area the organisation has made Contractor Management processes a key priority on the organisational development plan for 2017.

4. **COMMUNITY VIEWS**

4.1. NA

5. **FINANCIAL IMPLICATIONS AND RISKS**

5.1. The most significant risk for Waimakariri District Council is that the standardised contract health and safety management process is not yet fully implemented and adhered to consistently across all Council contract managers.

5.2. It must be noted that many of the high-risk, high-value contracts are managed in adherence with current contract health and safety processes, and that there is very good work going on through various departments to develop and improve these processes.

6. **CONTEXT**

6.1. **Policy**

This matter is not a matter of significance in terms of the Council's Significance Policy.

6.2. **Legislation**

Health & Safety at Work Act 2015
<table>
<thead>
<tr>
<th>Theme</th>
<th>Proposed Action</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definition of minimum pre-qualification standards</td>
<td>As per project plan</td>
</tr>
<tr>
<td>2</td>
<td>Develop a WDC contracting process</td>
<td>As per project plan</td>
</tr>
<tr>
<td>3</td>
<td>Consistency of access to up-to-date WDC documentation</td>
<td>As per project plan</td>
</tr>
<tr>
<td>4</td>
<td>Peer review of contract documents</td>
<td>As per project plan</td>
</tr>
<tr>
<td>5</td>
<td>Consistency of application of process</td>
<td>As per project plan</td>
</tr>
<tr>
<td>6</td>
<td>Management of sub-contractors</td>
<td>As per project plan</td>
</tr>
<tr>
<td>7</td>
<td>Sharing of monitoring and close-out findings</td>
<td>As per project plan</td>
</tr>
</tbody>
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