

Notice of Meeting:

I hereby give notice that an ordinary meeting of the Audit and Risk Subcommittee will be held on:

Date: Thursday 2 July 2020
Time: 2.00 pm
Venue: Otaru Room, Civic Centre, The Octagon, Dunedin

Sue Bidrose
Chief Executive Officer

Audit and Risk Subcommittee
PUBLIC AGENDA

MEMBERSHIP

Chairperson	Susie Johnstone	
Deputy Chairperson	Janet Copeland	
Members	Cr Christine Garey	Cr Doug Hall
	Mayor Aaron Hawkins	Cr Mike Lord
Senior Officer	Dave Tombs, General Manager Finance and Commercial	
Governance Support Officer	Wendy Collard	

Wendy Collard
Governance Support Officer

Telephone: 03 477 4000
Wendy.Collard@dcc.govt.nz
www.dunedin.govt.nz

Note: Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	4
2	Confirmation of Agenda	4
3	Declaration of Interest	5
4	Confirmation of Minutes	13
4.1	Audit and Risk Subcommittee meeting - 20 May 2020	13
PART A REPORTS (Committee has power to decide these matters)		
5	Audit and Risk Subcommittee Work Plan 2020	22
6	Financial Results	27
7	Annual Report Timetable for Year Ended 30 June 2020	39
	RESOLUTION TO EXCLUDE THE PUBLIC	65

1 APOLOGIES

An apology has been received from Cr Mike Lord.

That the Subcommittee:

Accepts the apology from Cr Mike Lord.

2 CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

DECLARATION OF INTEREST

EXECUTIVE SUMMARY

1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and independent members and any private or other external interest they might have.
2. Elected members and independent members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes/Amends** if necessary the Elected or Independent Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected or Independent Members' Interests.

Attachments

	Title	Page
↓A	Members' Register of Interests	7

Audit and Risk Subcommittee - Register of Interest - current as at 23 June 2020				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Susie Johnstone	Consultant	Southern District Health Board - Finance, Audit and Risk Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Audit and Risk Committee, Office of the Auditor General	Potential. Audit NZ are suppliers to Council	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner/Director	Shand Thomson Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Shand Thomson Nominees Ltd and similar nominee companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Abacus ST 01 and similar nominee companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Johnstone Afforestation Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	James & Susie Johnstone Private Family Trust - Property Owner Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Institute of Directors Otago/Southland	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Clutha Community Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Harrison Nominees Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Son works at Deloitte New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Young Elected Members' Committee	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Thank You Payroll	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	ICLEI Oceania Regional Executive	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Museum Trust Board (Council Appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Polytech's Research Centre of Excellence	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	LGNZ National Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Alexander McMillan Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Cosy Homes Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	LGNZ Policy Advisory Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	St Paul's Cathedral Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Connecting Dunedin (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Theatre Trust (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Christine Garey	Owner	Residential Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Garey Family Trust - Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Creative Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		External family member is a Principal Security Consultant works for CCL	Major supplier of CCL	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustess (Council Appointment)	Potential Grants recipient.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Family Member	Employed by Department of Conservation	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Theomin Gallery Management Committee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Anzide Properties Ltd - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Supplier	Southweight Truck & Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	Fire Brigade Restoration Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Financial Donor	Dunedin North Community Patrol	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	North Dunedin Blokes Shed	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Loan of a four wheel drive truck free of charge to the group for cartage of gravel	Mountainbiking Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Hall Family Trust, Invercargill	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Chinese Garden Advisory Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitū Otago Settlers Museum Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Cragieburn Reserve Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Mike Lord	Trustee	ML Lord Family Trust - Owner of Residential Properties - Dunedin	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Rural Support Trust	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Federated Farmers Charitable Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Hereweka Harbour Cones Trust	Potential grants recipient. Duties to Trust may conflict with duties of Council Office.	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Shareholder	Fonterra	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Federated Farmers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Rotary Club of Mosgiel	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Otaru Rural Support	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cones Trust (Council Appointment)	Potential grants recipient. Duties to Trust may conflict with duties of Council Office.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Janet Copeland	Director	Next Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ronaki (Southland) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stoney Creek Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Stoney Creek Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Copeland Ashcroft Law Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Council Member Director	Southern Institute of Technology Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	President	Southland Branch of NZ Law Society	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Staff				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Sue Bidrose	Director	Wise Trust Management Services	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Vice President	Society of Local Government Managers	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Permanent External Advisory Committee (PEAC) for CAPABLE NZ	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	University of Otago Department of Marketing Industry Advisory Board	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Kev Jarvis Builders - work done on private residence	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Student Code of Conduct Committee, University of Otago	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Regional Vice President	Southern Hemisphere Regional Vice President, International City Management Association (ICMA)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Dave Tombs	Tenant	12 month rental property with Harcourts	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Block Investments Ltd (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Souther United Football	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Society of Local Government Managers	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Sandy Graham	Owner	Residential Property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	SOLGM Democracy and Governance Support Working Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Delegation holder	Second Generation District Plan (2GP) Authority to Resolve Appeals on behalf of Council	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Trustee of the Taieri Airport Facilities Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		TAZ Construction	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Andrew Slater	Risk and Internal Audit Manager	Residential property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

CONFIRMATION OF MINUTES

AUDIT AND RISK SUBCOMMITTEE MEETING - 20 MAY 2020

RECOMMENDATIONS

That the Subcommittee:

Confirms the public part of the minutes of the Audit and Risk Subcommittee meeting held on 20 May 2020 as a correct record.

Attachments

Title	Page
A ↓ Minutes of Audit and Risk Subcommittee meeting held on 20 May 2020	14

Audit and Risk Subcommittee MINUTES

Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Via Audio Visual Link on Wednesday 20 May 2020, commencing at 2.04 pm

PRESENT

Chairperson	Susie Johnstone	
Deputy Chairperson	Janet Copeland	
Members	Cr Christine Garey	Mayor Aaron Hawkins
	Cr Mike Lord	

IN ATTENDANCE

Sue Bidrose (Chief Executive Officer), Dave Tombs (General Manager, Finance and Commercial) and Andrew Slater (Risk and Internal Audit Manager)

Governance Support Officer	Wendy Collard
-----------------------------------	---------------

1 APOLOGIES

There were no apologies.

2 CONFIRMATION OF AGENDA

Moved (Susie Johnstone/Cr Mike Lord):

That the Subcommittee:

Confirms the agenda without addition or alteration

Motion carried (AR/2020/015)

3 DECLARATIONS OF INTEREST

Members were reminded of the need to stand aside from decision-making when a conflict arose between their role as an elected representative and any private or other external interest they might have.

Mayor Aaron Hawkins and Ms Copeland provided an update to their register of interests.

Moved (Susie Johnstone/Mayor Aaron Hawkins):

That the Subcommittee:

- a) **Amends** the Elected or Independent Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected or Independent Members' Interests.

Motion carried (AR/2020/016)

Janet Copeland entered the meeting at 2.10 pm

4 CONFIRMATION OF MINUTES

4.1 AUDIT AND RISK SUBCOMMITTEE MEETING MEETING - 13 FEBRUARY 2020

Moved (Cr Mike Lord/Cr Christine Garey):

That the Subcommittee:

Confirms the public part of the minutes of the Audit and Risk Subcommittee meeting held on 13 February 2020 as a correct record.

Motion carried (AR/2020/017)

PART A REPORTS

5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2020

A report from Civic provided the updated Audit and Risk Subcommittee Work Plan 2020 and the Governance and Financial Policies.

Moved (Mayor Aaron Hawkins/Janet Copeland):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan.

Motion carried (AR/2020/018)

RESOLUTION TO EXCLUDE THE PUBLIC

Moved (Janet Copeland/Cr Mike Lord):

That the Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Audit and Risk Subcommittee meeting - 13 February 2020 - Public Excluded	<p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(h) The withholding of the information is necessary to enable</p>	.	

the local authority to carry out, without prejudice or disadvantage, commercial activities.

S7(2)(a)
The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

S7(2)(b)(ii)
The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

S6(b)
The making available of the information would be likely to endanger the safety of a person.

C2 Audit and Risk
Subcommittee Action
List Report

S7(2)(c)(i)
The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the

S48(1)(a)
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

C3 DCC Policy Update Report	<p>same source and it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
C4 Internal Audit Workplan Update	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

	supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.		
	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.		
C5 Annual Plan and 10 year plan Process Update	S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C6 Health and Safety Board Monthly Report for February and March 2020	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	The information relates to the actions of individual staff who could be identified. This would breach their privacy and potentially prejudice any processes which may need to be managed.
C7 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

C8 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	<p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
C9 Protected Disclosure Register	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
C10 Investigation Register	<p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p> <p>S7(2)(a)</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for</p>	<p>The matters detailed i this report are subject to investigation and information should remain confidential so not to prejudice</p>

The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	which good reason for withholding exists under section 6 and 7.	the investigation and any possible outcomes of the investigation.
---	---	---

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

Motion carried (AR/2020/019)

The meeting entered into non-public at 2.12 pm and concluded at 4.53 pm.

.....
 CHAIRPERSON

PART A REPORTS

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2020

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the updated Audit and Risk Subcommittee Work Plan 2020. Please note that the Governance and Financial Policies are included in an appendix to the Work Plan.
- 2 Additional work streams have been added to the workplan for the Subcommittee's consideration.
- 3 As this is an administrative report only, the Summary of Considerations is not required.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Team Leader Civic

Attachments

	Title	Page
⬇A	Workplan 2020	23

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2020							
	Jul	Aug	Oct	Dec			
GOVERNANCE							
Audit and Risk Subcommittee Terms of Reference/Delegations							
POLICY REVIEWS/UPDATES							
<u>Governance</u>							
Legal Compliance Reporting	✓						
<u>Human Resources</u>							
Staff Code of Conduct (Employee Values and Practices) currently waiting on final design	✓						
Gifts and Hospitality Policy		✓					
Electronic Communications Email Quarantine Policy	✓						
Electronic Communications Email Quarantine Policy (quarterly reporting)	✓		✓	✓			
<u>Financial</u>							
Treasury Risk Management Policy		✓					
Treasury Compliance Report	✓	✓	✓	✓			
Finance Delegations Manual (Including Legal and Human Resources)							
<u>Procurement (Purchasing, Contracting & Tendering)</u>							
Asset Management Policy				✓			
Purchase Card Policy		✓					
Procurement and Contracts Management Policy	✓						
Schedule of Cardholders and Limits (to be presented annually in February)							
Schedule of top 100 Suppliers		✓					
<u>Health and Safety</u>							
Health and Safety Policy	✓						
Health and Safety Annual Objective/KPI Report (annually in February)							
Health and Safety Reporting	✓	✓	✓	✓			
<u>Fraud</u>							
Fraud Reporting	✓	✓	✓	✓			

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2020							
	Jul	Aug	Oct	Dec			
<u>Fraud (continued)</u>							
Protected Disclosure Reporting	✓	✓	✓	✓			
Protected Disclosure "Whistle-Blower" Policy							
<u>Information Technology</u>							
Information Management Policy							
RISK MANAGEMENT							
Corporate Risk Register	✓	✓	✓	✓			
Insurance Matters	✓						
RISK OVERVIEW							
Climate Change							
Organisation Security							
Regulatory and Legislative Compliance							
Strategic Project Management							
Asset Management							
Business Continuity Planning including COVID							
Financial Risk							
AUDIT (EXTERNAL)							
Annual Report Governance			✓				
Annual Report Audit Plan	✓						
Outstanding External Audit Work Updates	✓	✓	✓	✓			
Interim Management Letter		✓					
AUDIT (INTERNAL)							
Approve the Annual Internal Audit Work Plan (annually)							
Internal Audit Work updates	✓	✓	✓	✓			

Appendix A

CORPORATE POLICIES REFERENCE INDEX					
Policy Area	Current Policy/Guidelines	Current Version Date	Cycle (Yrs)	Review Date	Area Responsible
Governance					
	Audit and Risk Subcommittee Terms of Reference	October 2019	3		Civic
	Elected Members' Code of Conduct and Conflict of Interest		3	October 2019	Civic
	Legislative Compliance Policy	April 2019	3	April 2022	Legal
Organisation Development and Performance (ODP)					
	Staff Code of Conduct	Mar 2013	3	February 2018	Human Resources
	Staff Conflict of Interest Policy	June 2018	3	June 2021	Human Resources
	Health and Safety Policy	September 2018	2	September 2020	Human Resources
	Electronic Communications Email Quarantine Policy	May 2019	1	May 2020	Human Resources
Financial					
	Treasury Risk Management Policy	August 2019	1	August 2020	Treasury
	Asset Disposal and Write Off Policy	June 2018	3	June 2021	Finance
Procurement (purchasing, contracting, disposal, tendering)					
	Procurement and Contracts Management Policy	November 2017	2	November 2019	Procurement
	Asset Management Policy	November 2019		November 2020	ELT

CORPORATE POLICIES REFERENCE INDEX					
Policy Area	Current Policy/Guidelines	Current Version Date	Cycle (Yrs)	Review Date	Area Responsible
Risk Management					
	Risk Management Policy	December 2019	2	December 2021	Internal Audit and Risk
	Internal Audit Policy	May 2019	2	May 2021	Internal Audit and Risk
Cyber Security					
	Information Management Policy			December 2018	Business Information Services
	ICT Acceptable Use Policy	June 2018	3	June 2021	Business Information Services
Sensitive Expenditure					
	Sensitive Expenditure Policy	September 2019	2	September 2021	Finance
	Purchase Card Policy	August 2017	3	August 2020	Finance
Gift and Hospitality					
	Gift and Hospitality Policy	July 2018	2	July 2020	Corporate Governance
Fraud					
	Fraud Bribery & Corruption Prevention Policy	September 2019	3	September 2022	Finance
	Protected Disclosure "Whistle-Blower" Policy	January 2020	2	January 2022	Corporate Governance

FINANCIAL RESULTS

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Financial Results for the period ending 31 May 2020 report which was presented to the Finance and Council Controlled Organisations Committee meeting held on 15 June 2020.

RECOMMENDATIONS


That the Subcommittee:

- a) **Notes** the Financial Results for the period ending 31 May 2020 report.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Team Leader Civic

Attachments

	Title	Page
A	Financial Results for period ending 31 May 2020	29

SUMMARY OF CONSIDERATIONS
Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

This report has no direct contribution to the Strategic Framework, although the financial expenditure reported in this report has contributed to all of the strategies.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report fulfils the internal financial reporting requirements for Council.

Financial considerations

Not applicable – reporting only.

Significance

Not applicable – reporting only.

Engagement – external

There has been no external engagement.

Engagement - internal

The report is prepared as a summary for the individual department financial reports.

Risks: Legal / Health and Safety etc.

There are no known risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no known implications for Community Boards.

FINANCIAL RESULT - PERIOD ENDED 31 MAY 2020

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 May 2020 and the financial position as at that date.

\$ Million	Actual	Budget	Variance		Last Year
Revenue	277.298	287.659	(10.361)	U	279.315
Expenditure	282.129	286.806	4.677	F	272.513
Net Surplus/(Deficit) excluding Waipori	(4.831)	0.853	(5.684)	U	6.802
Waipori Fund Net	3.873	4.623	(0.750)	U	6.688
Net Surplus/(Deficit) including Waipori	(0.958)	5.476	(6.434)	U	13.490
Capital Expenditure	82.135	111.426	29.291		89.958
Debt					
Short Term Borrowings	25.000	43.000	18.000	F	5.500
Term Loans	218.973	225.473	6.500	F	210.473
Total Debt	243.973	268.473	24.500	F	215.973

RECOMMENDATIONS

That the Council:

- a) **Notes** the Financial Performance for the period ended 31 May 2020 and the Financial Position as at that date.

BACKGROUND

- 2 This report provides the financial statements for the period ended 31 May 2020. It includes reports on: financial performance, financial position, cashflows and capital expenditure. The operating result is also shown by group, including analysis by revenue and expenditure type.
- 3 Please note that the supporting narrative (Financial Review) for May 2020 had not been completed at the time of publication of this agenda.

DISCUSSION

- 4 The year to date unfavourable revenue variance included the impact of the nationwide lockdown with a number of operating units recording little or no income in the month of April, flowing into May. The variance also included the previously reported reduced activity at the Green Island Landfill and lower parking revenue.

These unfavourable variances were partially offset by an unbudgeted dividend from Civic Assurance and unbudgeted revenue from the Provincial Growth Fund for economic development initiatives.

Grants revenue was also less than budget due to the lower than expected capital expenditure on roading projects. This included the impact of limited activity in April.

- 5 Overall expenditure was a favourable spend of \$4.677 million. This was due to favourable interest costs, delayed timing associated with Parks maintenance contracts (reserves, buildings and other facilities), lower variable costs resulting from the reduced landfill activity, timing of ETS costs relating to the Green Island landfill and lower than expected pre-reseal road maintenance expenditure. An absence of significant weather events to date has also resulted in lower emergency works being carried out.

The nationwide lockdown also resulted in a reduction in expenditure in April and May across various activities in particular Three Waters, Parks, Property and Transportation.

These favourable variances were partially offset by higher depreciation following the revaluation of Transport assets and higher personnel costs due to additional staffing required to support the delivery of 2GP and increased building consent activity.

- 6 The year to date Waipori result was behind budget however there has been a significant degree of recovery in April/May following the initial market decline that occurred in March.
- 7 Capital expenditure was running under budget with a significant underspend in the month of April following the nationwide lockdown. It is anticipated that capital spend for the full year will fall short of budget.

OPTIONS

8 Not applicable.

NEXT STEPS

9 Not applicable.

Signatories

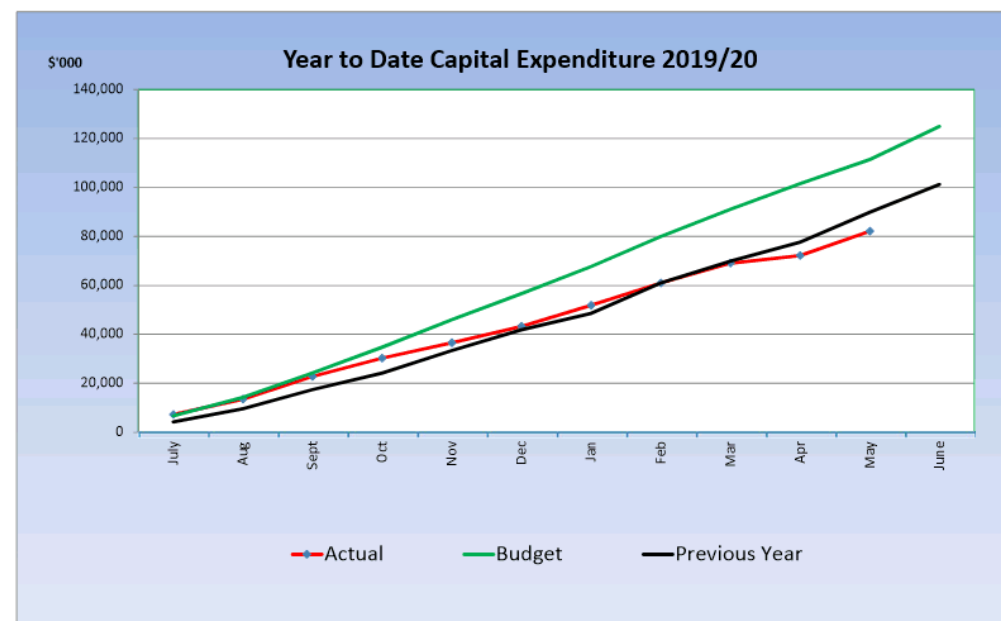
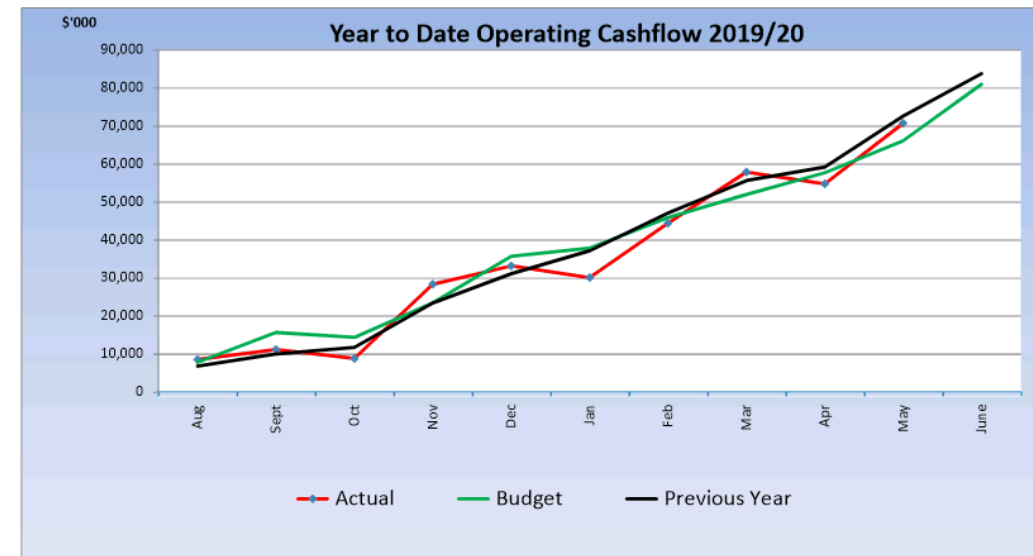
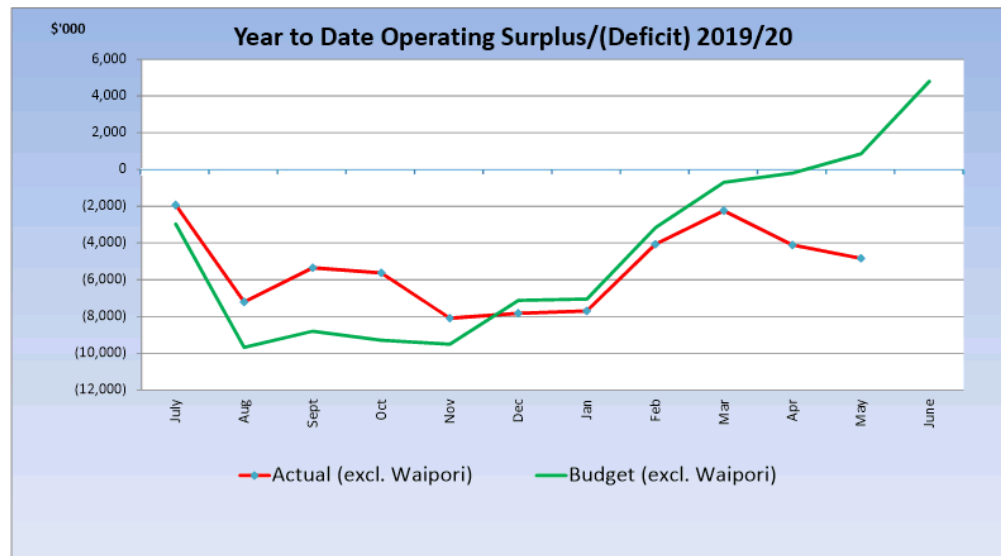
Author:	Gavin Logie - Financial Controller Lawrie Warwood - Financial Analyst
Authoriser:	Dave Tombs - General Manager Finance and Commercial

Attachments

	Title	Page
A	Summary Financial Information	
B	Statement of Financial Performance	
C	Statement of Financial Position	
D	Statement of Cashflows	
E	Capital Expenditure Summary	
F	Summary of Operating Variances	


SUMMARY OF CONSIDERATIONS			
<i>Fit with purpose of Local Government</i>			
The financial expenditure reported in this report relates to providing local infrastructure, public services and regulatory functions which contribute to the well-being of the community.			
<i>Fit with strategic framework</i>			
	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
This report has no direct contribution to the Strategic Framework, although the financial expenditure reported in this report has contributed to all of the strategies.			
<i>Māori Impact Statement</i>			
There are no known impacts for tangata whenua.			
<i>Sustainability</i>			
There are no known implications for sustainability.			
<i>LTP/Annual Plan / Financial Strategy /Infrastructure Strategy</i>			
This report fulfils the internal financial reporting requirements for Council.			
<i>Financial considerations</i>			
Not applicable – reporting only.			
<i>Significance</i>			
Not applicable – reporting only.			
<i>Engagement – external</i>			
There has been no external engagement.			
<i>Engagement - internal</i>			
The report is prepared as a summary for the individual department financial reports.			
<i>Risks: Legal / Health and Safety etc.</i>			
There are no known risks.			
<i>Conflict of Interest</i>			
There are no known conflicts of interest.			
<i>Community Boards</i>			
There are no known implications for Community Boards.			

DUNEDIN CITY COUNCIL SUMMARY FINANCIAL INFORMATION AS AT 31 MAY 2020





Borrowing Metrics	LGFA Target	Actual	Budget
Interest as a % rates revenue	< 30% *	6.7%	8.1%
Interest as a % total revenue	< 20% *	3.9%	4.5%
Debt % annualised revenue	250.0% Max.	91.3%	94.4%
Debt % (including Stadium)		123.0%	124.4%

* represents the ability to fund interest costs from revenue

DUNEDIN CITY COUNCIL					 DUNEDIN kaunihera CITY COUNCIL a-rohe o Ōtepoti						
Statement of Financial Performance											
For the Period Ending 31 May 2020											
Amount : \$'000											
Mth Actual	Mth Budget	Mth Variance			Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget
13,063	13,011	52	F	REVENUE	143,637	143,122	515	F	136,439	149,312	156,711
(8)	71	79	U	Rates Revenue	675	788	113	U	863	937	860
4,213	6,252	2,039	U	Rates Penalties	63,451	70,476	7,025	U	67,600	77,529	77,452
3,280	3,388	108	U	Other Operating Revenue	35,998	40,144	4,146	U	40,464	45,519	43,359
151	69	82	F	Grants	1,112	763	349	F	1,241	5,992	3,332
2,905	2,942	37	U	Contributions	32,425	32,366	59	F	32,708	35,677	35,305
23,604	25,733	2,129	U	Internal Revenue	277,298	287,659	10,361	U	279,315	314,966	317,019
				TOTAL REVENUE							
				EXPENDITURE							
5,914	5,552	362	U	Personnel Costs	61,102	59,599	1,503	U	56,917	62,353	64,973
4,612	5,646	1,034	F	Operations & Maintenance	59,978	65,329	5,351	F	60,946	69,064	71,154
1,772	1,912	140	F	Occupancy Costs	24,163	23,638	525	U	22,951	23,169	24,595
1,919	1,822	97	U	Consumables & General	21,083	22,069	986	F	18,548	22,548	24,888
235	7	228	U	Grants & Subsidies	8,934	8,962	28	F	8,866	9,226	9,482
2,904	2,944	40	F	Internal Charges	32,423	32,393	30	U	32,708	35,677	35,305
5,855	5,749	106	U	Depreciation	64,883	63,237	1,646	U	61,344	68,597	68,984
848	1,052	204	F	Interest	9,563	11,579	2,016	F	10,233	10,470	12,833
24,059	24,684	625	F	TOTAL EXPENDITURE	282,129	286,806	4,677	F	272,513	301,104	312,214
(455)	1,049	1,504	U	NET SURPLUS (DEFICIT) EXCLUDING WAIPORI	(4,831)	853	5,684	U	6,802	13,862	4,805
				Add							
1,948	420	1,528	F	Waipori Fund Net Operating Result	3,873	4,623	750	U	6,688	8,571	5,042
1,493	1,469	24	F	NET SURPLUS (DEFICIT) INCLUDING WAIPORI	(958)	5,476	6,434	U	13,490	22,433	9,847

		DUNEDIN CITY COUNCIL		DUNEDIN CITY COUNCIL kaunihera a-rohe o Ōtepoti	
		Statement of Financial Position			
		As at 31 May 2020			
		Amount : \$'000			
As at 30-Jun-19		As at 31-May-20	Budget 31-May-20	Budget 30-Jun-19	As at 31-May-19
	Current Assets				
11,905	Cash and Deposits	29,320	6,928	6,417	10,463
19,891	Sundry Debtors	15,733	22,043	16,664	18,301
7,723	Short Term Investments	9,733	6,114	6,114	6,114
1,287	Assets held for Resale	-	-	-	787
288	Inventories	288	260	260	260
41,094	Total Current Assets	55,074	35,345	29,455	35,925
	Non Current Assets				
316,066	Investments	313,669	319,280	321,974	314,799
3,041,852	Fixed Assets	3,059,546	3,080,384	3,128,171	2,989,271
3,357,918	Total Non Current Assets	3,373,215	3,399,664	3,450,145	3,304,070
3,399,012	TOTAL ASSETS	3,428,289	3,435,009	3,479,600	3,339,995
	Current Liabilities				
13,005	Sundry Creditors	14,713	12,000	10,000	11,968
31,162	Accrued Expenditure	35,252	25,050	29,862	29,444
-	Short Term Borrowings	25,000	43,000	-	5,500
4,265	Derivative Financial Instruments	2,859	2,321	1,316	5,183
48,432	Total Current Liabilities	77,824	82,371	41,178	52,095
	Non Current Liabilities				
218,973	Term Loans	218,973	225,473	268,473	210,473
11,421	Other Non-Current Liabilities	11,360	9,683	9,683	9,683
230,394	Total Non Current Liabilities	230,333	235,156	278,156	220,156
278,826	TOTAL LIABILITIES	308,157	317,527	319,334	272,251
3,120,186	COUNCIL EQUITY	3,120,132	3,117,482	3,160,266	3,067,744
3,399,012		3,428,289	3,435,009	3,479,600	3,339,995
	Statement of Change in Equity				
3,052,940	Opening Balance	3,120,186	3,111,216	3,111,216	3,052,940
22,433	Operating Surplus (Deficit)	(958)	5,476	9,847	13,490
-	Income Tax	-	-	-	-
42,280	Movements in Reserves	(502)	(575)	36,833	(296)
2,533	Adjustment Derivatives	1,406	1,365	2,370	1,610
3,120,186		3,120,132	3,117,482	3,160,266	3,067,744

<div style="display: flex; justify-content: space-between; align-items: center;"> <div> DUNEDIN CITY COUNCIL Statement of Cashflows For the Period Ending 31 May 2020 Amount : \$'000 </div> <div>  DUNEDIN CITY COUNCIL kaunihera a-rohe o Ōtepoti </div> </div>				
	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
Cash Flow from Operating Activities				
<i>Cash was provided from operating activities</i>				
Rates Received	149,972	141,809	156,555	144,426
Other Revenue	98,034	112,189	121,530	104,163
Interest Received	4,454	5,077	8,041	4,898
Dividend Received	1,601	1,383	1,509	1,392
Income Tax Refund	-	450	450	-
<i>Cash was applied to</i>				
Suppliers and Employees	(173,648)	(182,538)	(193,913)	(171,273)
Interest Paid	(9,629)	(12,215)	(13,088)	(10,903)
Net Cash Inflow (Outflow) from Operations	70,784	66,155	81,084	72,703
Cash Flow from Investing Activities				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	731	120	120	502
Reduction in Loans & Advances	-	-	-	-
Reduction in Investments	1,710	-	-	3,462
<i>Cash was applied to:</i>				
Increases in Loans & Advances	-	-	-	-
Increase in Investments	-	-	(2,550)	-
Capital Expenditure	(80,810)	(109,011)	(121,901)	(86,782)
Net Cash Inflow (Outflow) from Investing Activity	(78,369)	(108,891)	(124,331)	(82,818)
Cash Flow from Financing Activities				
<i>Cash was provided from financing activities:</i>				
Loans Raised	-	-	43,000	10,000
Increase in Short Term Borrowings	54,000	46,000	-	42,500
<i>Cash was applied to:</i>				
Loans Repaid	-	-	-	(412)
Decrease in Short Term Borrowings	(29,000)	(3,000)	-	(37,000)
Net Cash Inflow (Outflow) from Financing Activity	25,000	43,000	43,000	15,088
Total Increase/(Decrease) in Cash	17,415	264	(247)	4,973
Opening Cash and Deposits	11,905	6,664	6,664	5,490
Closing Cash and Deposits	29,320	6,928	6,417	10,463

DUNEDIN CITY COUNCIL Capital Expenditure Summary by Activity For the Period Ending 31 May 2020 Amount : \$'000						
						
Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget
Arts and Culture	845	1,324	479	U	1,183	2,242
Community and Planning	383	1,788	1,405	U	456	1,789
Corporate Services	2,746	5,005	2,259	U	2,614	5,355
Enterprise Dunedin	7	-	7	O	3	-
Property	8,430	16,110	7,680	U	14,823	17,030
Parks and Recreation	2,884	8,030	5,146	U	7,410	10,957
Customer and Regulatory Services	101	1,364	1,263	U	486	1,364
Transport	44,175	50,140	5,965	U	45,621	55,766
Waste & Environmental	1,823	1,525	298	O	773	1,525
Three Waters	20,741	26,140	5,399	U	16,589	28,930
	82,135	111,426	29,291	U	89,958	124,958

<p style="text-align: center;">DUNEDIN CITY COUNCIL Summary of Operating Variances For the Period Ending 31 May 2020</p> <p style="text-align: right;">Amount : \$'000</p>											
Group	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)							
	Actual	Budget	Variance	Rates Revenue	Other Ext Revenue	Int Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n
Waipori Fund	3,873	4,623	(750)	-	(737)	-	-	(13)	-	-	-
Arts and Culture	(14)	(34)	20	(1)	(298)	12	25	396	1	-	(115)
Community and Planning	393	124	269	(1)	155	68	(235)	282	-	1	(1)
Corporate Services	1,117	(118)	1,235	(1)	125	7	113	632	14	-	345
Enterprise Dunedin	271	77	194	-	160	-	107	(78)	5	-	-
Property	(3,525)	(2,980)	(545)	(1)	(568)	9	(23)	(140)	(4)	-	182
Investment	(6,316)	(7,372)	1,056	(128)	339	-	(1,289)	(69)	3	2,200	-
Otago Museum Levy	(360)	(360)	-	-	-	-	-	-	-	-	-
Other	356	218	138 *	534	27	53	(132)	(146)	(12)	(186)	-
Parks and Recreation	1,558	(300)	1,858	-	(322)	1	(43)	2,603	23	-	(404)
Customer and Regulatory Services	347	2,244	(1,897)	-	(2,215)	(64)	(54)	392	(1)	-	45
Transport	6,482	11,198	(4,716)	-	(4,796)	-	182	1,621	(43)	1	(1,681)
Waste & Environmental	733	3,338	(2,605)	-	(3,084)	(27)	13	482	27	-	(16)
Three Waters	(5,873)	(5,182)	(691)	-	(345)	-	(167)	(135)	(43)	-	(1)
Total Council	(958)	5,476	(6,434)	402	(11,559)	59	(1,503)	5,827	(30)	2,016	(1,646)
* Other includes: Corporate Management, Dunedin Centre, Finance, Human Resources and Warm Dunedin											

ANNUAL REPORT TIMETABLE FOR YEAR ENDED 30 JUNE 2020

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides an update with regards the timetable related to the preparation and approval of the Dunedin City Council Annual Report for the year ended 30 June 2020.
- 2 It also considers new accounting standards and any other matters that may impact financial reporting for the year ended 30 June 2020.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the report as presented.

BACKGROUND

- 3 Following a request from the Audit and Risk Subcommittee, staff have prepared a high level timetable associated with the annual report process for the year ended 30 June 2020.

DISCUSSION

- 4 The following timetable relates to the preparation and approval of the annual report for the year ended 30 June 2020.
- 5 The dates are based on the Audit Plan letter provided by Audit New Zealand, and the relevant meetings dates for Council and the Audit and Risk Sub-Committee.
- 6 This report also includes an update on matters that may impact financial reporting for the year ended 30 June 2020.

Date	Task	Completed
June 2020	Audit Plan Letter - Audit NZ	June 2020
21-Aug-20	Draft parent financial statement available for audit	
24-Aug-20	Parent audit commences	
4-Sep-20	Draft DCC Group financial statements available for audit	
21-Sep-20	Final financial statements incorporating agreed audit amendments	
23-Sep-20	Annual report available including Mayor's and CEO reviews	
24-Sep-20	DCHL Annual Report presented to Board for approval.	
28-Sep-20	Verbal audit clearance from Audit NZ	
15-Oct-20	* Annual report presented to Audit and Risk for confirmation and endorsement	
27-Oct-20	Annual Report presented to Council for approval. Letters of Representation signed (Governance and Management)	
27-Oct-20	Audit Opinion Issued	
19-Oct-20	Final detailed draft report issued by Audit NZ	
28-Oct-20	Summary annual report available for audit	
	* Date to be confirmed	

IMPLICATIONS OF COVID19

- 7 The preparation timeline for the DCC Group annual report should not be impacted by the current alert level for Covid19. If the alert level were to increase beyond level one, then the timeline may come under pressure.
- 8 Audit New Zealand have produced reporting bulletins on matters likely to be impacted by the current environment. In particular, reference has been made to valuation of property. For the 2019/20 financial year the DCC will be revaluing the following items of Property, Plant & Equipment:
 - Roothing Assets 30 June 2020 – fair value based on depreciable replacement cost
 - Three Waters 1 July 2019 – fair value based on depreciable replacement cost
 - Restricted Assets (Parks & Recreation) 30 June 2020 – fair value
 - Investment Property 30 June 2020 – fair market value
- 9 The valuers engaged to complete these valuations will be well versed on the implications associated with the current environment – in particular the likely impact on the value of the DCC Investment Property portfolio.

- 10 In terms of the balance of land and buildings not due for revaluation until year ended 30 June 2021, we will provide an internal assessment, supported by guidance from our valuers where appropriate, on whether the carrying values need to be amended.
- 11 In terms of the DCC consolidated accounts, the main matter for consideration will be the valuation of the Dunedin Railway assets. The DCHL Group Accountant will work with Audit New Zealand on this matter.

NEW ACCOUNTING STANDARDS

NZ IRFS 16 Leases

- 12 Effective date 30 June 2020 for profit entities.
- 13 Staff will liaise with Group Accountant around any material impact of the DCC consolidated accounts.

PBE IPSAS 35 Consolidated Financial Statements

- 14 Effective date 30 June 2020.
- 15 The standard provides an updated definition of control of entities owned by the DCC and when full consolidation is required.
- 16 An assessment will be performed on whether previously separated entities need to be consolidated.

OPTIONS

- 17 Not applicable.

NEXT STEPS

- 18 The timetable will continue to be updated as tasks are completed.

Signatories

Author:	Gavin Logie - Financial Controller
Authoriser:	Dave Tombs - General Manager Finance and Commercial

Attachments

	Title	Page
↓A	Audit NZ -Bulletin One. Implications of COVID-19 for revaluations of property, plant and equipment' and investment property	43
↓B	Audit NZ Bulletin Two - Implications of COVID-19 for service performance reporting.	53

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report provides a guideline of processes and procedures for the Subcommittee.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

This report provides a guideline of processes and procedures for the Subcommittee.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides a guideline of processes and procedures for the Subcommittee.

Financial considerations

Not applicable – reporting only.

Significance

Not applicable – reporting only.

Engagement – external

The timetable has been prepared in conjunction with Audit New Zealand.

Engagement - internal

Not applicable – reporting only.

Risks: Legal / Health and Safety etc.

This report provides a guideline of processes and procedures for the Subcommittee.

Conflict of Interest

Not applicable – reporting only.

Community Boards

There are no known implications for Community Boards.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

COVID-19 Coronavirus: Impact on Public Sector Reporting

Bulletin one

Implications of the COVID-19 emergency response, for revaluations of property, plant and equipment, and investment property.

(28 April 2020)

Introduction

The state of emergency in response to the COVID-19 coronavirus has significantly impacted most public sector entities. The consequences for the completion of annual reports and the annual financial statements are one part of this impact.

At Audit New Zealand we are developing a series of Bulletins. These are intended to provide high-level guidance to audit committees and those with responsibilities for the preparation of financial statements, performance information, or annual reports.

The situation with COVID-19, including New Zealand's COVID-19 risk level, the rules applying at each level, and the known and expected impact on the economy, public sector, private sector businesses and individuals, is changing and evolving.

The information in this Bulletin is intended as initial guidance to help audit committees and preparers plan and respond, and also understand the areas that auditors will be considering during the audit.

In this environment, there are likely to be further issues arising over time and the appropriate responses may change. We encourage you to engage with your auditor at an early stage as issues are identified, so that we can work through these challenges together. We will provide further guidance in response over the coming weeks.



Content of this Bulletin

This Bulletin covers the following questions in relation to the fair value of property, plant, and equipment and investment property:

- ▶ Background question – when does GAAP expect fair value to be determined for property, plant and equipment and investment property? 3
- ▶ Are public entities still required to assess fair values for financial reporting in the current environment? 3
- ▶ Can fair values still be determined in the current environment? 4
- ▶ What will be the challenges in assessing fair values for land and buildings? 4
- ▶ What are the expected challenges in assessing fair value for those assets measured on a depreciated replacement cost basis? 5
- ▶ What are the expected challenges in assessing fair value for cash-generating infrastructural assets measured on a discounted cash flow basis? 5
- ▶ What if a public entity revalued their property, plant and equipment earlier in the financial year, prior to the COVID-19 emergency? 6
- ▶ What are the consequences of significant uncertainties, exclusions, caveats or qualifications in valuation reports? 6
- ▶ What level of disclosure is expected? 7
- ▶ What is the likely impact on audit reports? 7

Aspects of this Bulletin may also provide useful guidance for other physical assets measured at fair value, such as forests and other biological assets.

The impairment requirements for assets will be covered in Bulletin 3.

► **Background question – when does GAAP expect fair value to be determined for property, plant and equipment and investment property?**

Many public sector entities have an accounting policy of measuring certain classes of property, plant and equipment at fair value (under PBE IPSAS 17 for public benefit entities or NZ IAS 16 for for-profit entities). Common examples of asset classes measured at fair value are land and buildings, and infrastructural asset classes, such as roading or water supply assets.

Both PBE IPSAS 17 and NZ IAS 16 require that for property, plant and equipment asset classes measured using the revaluation model:

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period (NZ IAS 16.31, PBE IPSAS 17.44).

When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required (NZ IAS 16.34, PBE IPSAS 17.49).

If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued (NZ IAS 16.36, PBE IPSAS 17.51).

Therefore, the fair value of property, plant and equipment assets measured at fair value needs to be assessed at each reporting date to see if there has been a material movement in value. If there has been a material movement, then a revaluation of the relevant asset class is required. If the fair value movement is not material then a revaluation of that asset class is not required this year. Evidence to support the fair value assessment needs to be provided to the auditor.

Those public sector entities that hold investment property are required to revalue this to fair value at each reporting date, if they have adopted the revaluation model under either under PBE IPSAS 16 for public benefit entities or NZ IAS 40 for for-profit entities.

This Bulletin sets out our initial views on some of the issues and challenges in meeting these fair value requirements in the current environment.

► **Are public entities still required to assess fair values for financial reporting in the current environment?**

Almost all significant public entities have a statutory requirement to produce their financial statements in accordance with generally accepted accounting practice (GAAP). This requirement has not changed. Our expectation is that public entities will continue to use their best endeavours to produce financial statements in accordance with their statutory obligations and therefore in accordance with GAAP. This includes assessing fair values of revalued property, plant and equipment asset classes and investment property when required by GAAP (refer discussion above).

► **Can fair values still be determined in the current environment?**

Whether fair value can be determined is primarily a question for valuers. We expect public entities to engage with their valuers to discuss the requirement to assess fair value at the reporting date. Our initial discussions with public entities and valuers has identified that there are some significant challenges (see discussion below) in assessing fair values, particularly for 31 March balance dates.

At this point, we expect that valuers should be able to determine fair values. However, we expect to see greater comments by valuers in their reports about significant uncertainties in their valuations, particularly for valuations as at 31 March. We have recently seen examples of listed private sector entities announcing revised property values as at 31 March, although the announcements also disclose that the valuations are still subject to audit.

If a public entity, after engaging a valuer, concludes that fair value cannot be reliably determined, then it is important to engage with the auditor on this and explain the valuer's rationale. If some public entities are unable to determine fair value where GAAP expects a valuation to be completed, then good disclosure explaining this to readers of the financial statements will be important. This is also likely to result in some form of comment in the auditor's report (refer discussion on audit reports below).

► **What will be the challenges in assessing fair values for land and buildings?**

For property, plant and equipment and investment property that are usually valued on the basis of either market transactions or using forecast future lease income (e.g. commercial property), the challenges in assessing fair value include the following.

A lack of market transactions that reflect the current environment at the reporting date. Transactions that occurred pre the COVID-19 emergency are now less relevant, given the uncertainties in the economy.

For valuation techniques based on forecast future lease income, these future cash flows have new risks and uncertainties which may be difficult to quantify. This has consequences for both the cash flows and the discount rates to use. If there is additional risk to cash flows, then discount rates will increase, reflecting the additional risk premium market participants would expect to compensate for the greater risk. These uncertainties arise from a range of factors including:

- » The ability of tenants to pay rent at current levels. We are seeing in the media multiple examples of tenants and landlords negotiating rent postponements or reductions, and of some large tenants refusing to pay rent based on their interpretation of contract terms.
- » Beyond the lockdown period, the impacts on businesses and the economy are uncertain. This may impact on tenants' ongoing ability to pay the agreed rents, as well as negotiations for future rental levels.
- » The potential impact of an economic downturn on future vacancy levels.

We expect valuers to set out in their valuation reports how they have considered the above factors (to the extent relevant to particular assets). We also expect valuers to provide information about the degree of uncertainty in their valuation assessments.



For many valuations, the normal valuation process includes the valuer physically inspecting the properties being valued. This is not possible at some lockdown levels. It may be that valuers can delay inspections until access is possible. If inspection is not possible within the timetable for annual reporting, then this may result in a qualification to the valuation. It is important to understand whether the valuer will be able to assert compliance with valuation standards and the nature of any qualification to the valuation conclusion.

These challenges are particularly apparent at this stage for 31 March balance dates. It is possible that the level of uncertainty will be less for 30 June balance dates, but it may still be significant.

► **What are the expected challenges in assessing fair value for those assets measured on a depreciated replacement cost basis?**

A lot of public sector property, plant and equipment, such as infrastructural assets held by public benefit entities (such as a Council's roading or water supply assets) and specialised buildings (such as hospitals and schools) are measured using depreciated replacement cost (DRC) to determine fair value. In general, we expect limited impact from the COVID-19 pandemic on DRC values.

Key drivers of a DRC valuation are replacement cost, useful life and remaining useful life (linked to asset condition). We do not envisage significant changes to these factors from COVID-19 issues. It is possible that replacement cost rates may be subject to short-term changes due to shortages of materials or specialist labour. However, the replacement costs that are used in DRC calculations should reflect typical and sustainable market conditions. Short-term market fluctuations should be corrected by asset valuers. Judgement will be required to assess whether any changes in contract costs are likely to be short term or enduring. Preparers and auditors will need to carefully assess the reasonableness of any valuation assumptions in relation to price spikes made by valuers.

A further matter to consider is whether the changed economic environment has resulted in the property, plant and equipment having excess capacity compared to revised expectations of future demand. If this is the case, then an optimisation or obsolescence adjustment may be required in the fair value calculation.

► **What are the expected challenges in assessing fair value for cash-generating infrastructural assets measured on a discounted cash flow basis?**

Some public sector entities hold cash-generating infrastructural property, plant and equipment that is accounted for at a fair value determined using discounted cash flow (DCF) techniques. Examples of this include electricity distribution networks and some airport and port assets.

These DCF valuations will be impacted by any significant changes to future cash flows (including terminal growth rates) or the discount rates applied to them.

For some entities, their future cash flows have new risks and uncertainties which may be difficult to quantify. For example, to what extent will future cash flows be impacted by an economic downturn, ongoing travel restrictions or the COVID-19 impacts on their major customers? This has consequences for both the cash flows and the discount rates to use. If there is additional risk to cash flows, then the risk premium component of discount rates will increase.

We expect valuers to set out in their valuation reports how they have considered the above factors. We also expect valuers to provide information about the level of uncertainty in their valuation assessments. In some cases, this may include providing sensitivity analysis over key valuation inputs.

► **What if a public entity revalued their property, plant and equipment earlier in the financial year, prior to the COVID-19 emergency?**

Some public entities choose to revalue some property, plant and equipment prior to year-end in order to ease the year-end reporting burden (for example revaluing some property, plant and equipment asset classes at 31 December for a 30 June balance date). The requirement of GAAP is that the assets need to be accounted for at fair value at balance date or be not materially different from fair value at balance date.

In these circumstances, entities will need to review their pre-COVID-19 valuations to ensure that they still materially represent fair value at the reporting date. We expect in some cases the valuations will need to be updated to reflect the changed environment.

► **What are the consequences of significant uncertainties, exclusions, caveats or qualifications in valuation reports?**

Preparers and auditors should carefully read valuation reports and discuss with the valuer the valuation approach, the level of uncertainty in the valuation and how the key challenges arising from the current circumstances have been dealt with in the valuation. In particular, preparers and auditors need to understand:

- » any exclusions, caveats or qualifications to the valuation; and
- » the valuer's discussion of significant uncertainties or risks to the valuation.

Preparers and auditors will need to consider whether the valuation meets the requirements of GAAP. For example, the value will need to take into account the current circumstances (rather than completely exclude them). Also, although some valuers may be more inclined to provide a range of values for some properties, financial reporting requires a single value to be identified. It is important to understand any discussion of valuation ranges in the valuation report and understand what such a range means. Generally, we would expect the valuer to select a point in the valuation range as their professional judgement of fair value.

It is important that the significant uncertainties in valuations are adequately disclosed in the financial statements (refer disclosure discussion on the next page).

In some cases, significant uncertainties, exclusions, caveats or qualifications to a valuation may need to be commented on in the audit report (refer discussion of audit reports on the next page).



► **What level of disclosure is expected?**

The increased uncertainty in determining fair values means that clear, informative and transparent disclosure is essential. GAAP establishes significant disclosure requirements in relation to valuation methodologies, assumptions (including assumptions about the future), estimations and uncertainty.

As with all disclosures materiality applies. In assessing materiality of disclosures, it is important to consider the information expectations of users of financial statements. If users could reasonably expect that COVID-19 has a significant impact on the valuation of material assets, then an explanation of the impact (or lack of impact) should be provided.

Detailed information on GAAP disclosure requirements is set out in Appendix One.

► **What is the likely impact on audit reports?**

In the current environment, we are expecting to include some level of comment about COVID-19 impacts in many of the audit reports we sign. These can be qualifications to our opinion or comments we make to emphasise matters (such as uncertainties) disclosed in the financial statements.

Specifically in relation to fair value of property, plant and equipment and investment property, our audit report could comment on:

- » if valuers are unable to determine a fair value for material assets required to be at fair value;
- » valuations that have COVID-19 impacts excluded from scope or other significant caveats or qualifications;
- » material uncertainties in valuations;
- » the amount of evidence to support valuation assumptions; or
- » not providing adequate disclosure about COVID-19 impacts and uncertainties in fair values.

These possible audit report responses are a reflection of the changed environment and its consequences for some public entities, rather than a negative comment about an entity's performance or preparation of the financial statements.

► **Contacts for further advice**

Public entities who would like to discuss these valuation and audit matters further should contact their Appointed Auditor or audit team (and their valuer).

Appendix One: GAAP Disclosure requirements in relation to fair valuation of property, plant and equipment and investment property.

Both public benefit entities and for-profit entities have the same general requirements to disclose information about estimates and assumptions and about judgements in applying accounting policies:

GAAP reference	Applies to	Disclosure requirement
PBE IPSAS 1.140 (NZ IAS 1.125). (with minor wording differences)	Estimates and assumptions	An entity shall disclose in the notes information about (a) the key assumptions concerning the future, and (b) other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
PBE IPSAS 1.137 NZ IAS 1.122.	Judgements	An entity shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

The detailed disclosure requirements about fair valuations are different between public benefit entities and for-profit entities.

For **public benefit entities**, specific disclosure requirements come from PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 16 *Investment Property* and include:

GAAP reference	Applies to	Disclosure requirement
PBE IPSAS 17.92(c)	Property, plant and equipment	The methods and significant assumptions applied in estimating the assets' fair values.
PBE IPSAS 17.92(d)	Property, plant and equipment	The extent to which the assets' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms, or were estimated using other valuation techniques.
PBE IPSAS 16.86(d)	Investment property	The methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence, or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.



For **for-profit entities**, the specific disclosure requirements for fair valuations of both property, plant and equipment and investment property come from NZ IFRS 13 *Fair Value Measurement* and depend on the level of the valuation approach within the valuation hierarchy. Property, plant and equipment and investment property valuations will be either level 2 or level 3 valuations.

Level 1 inputs Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs Unobservable inputs for the asset or liability.

The NZ IFRS 13 disclosure requirements are extensive and include the requirements below. Note for smaller for-profit entities that apply the reduced disclosure regime, there are disclosure concessions from some of these requirements.

- » Information that helps users of its financial statements assess the valuation techniques and inputs used to develop those measurements.
- » The level of the fair value hierarchy within which the fair value measurements are categorised in their entirety.
- » For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy:
 - A description of the valuation technique(s) and the inputs used in the fair value measurement.
 - If there has been a change in valuation technique, the entity shall disclose that change and the reason(s) for making it.
- » For fair value measurements categorised within Level 3 of the fair value hierarchy:
 - Quantitative information about the significant unobservable inputs used in the fair value measurement.
 - A description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).
 - A narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

PO Box 99
Wellington 6140
Phone: 04 496 3099
www.auditnz.parliament.nz

A business unit of the
Controller and Auditor-General



56380-05-20

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



Bulletin two

Implications of the COVID-19 emergency for service performance reporting.

Introduction

The state of emergency in response to COVID-19 has significantly impacted most public sector entities. The consequences for the preparation of annual reports, including service performance reporting, is one small part of this impact. This Bulletin is intended to provide high-level guidance to audit committees, and preparers of service performance information in annual reports, about some of these consequences and some of the areas that auditors will be considering during the audit.

The situation with COVID-19, including New Zealand's COVID-19 alert level, the rules applying at that level, and the known and expected impacts on the economy, public sector, private sector businesses, and individuals is changing and evolving. In this environment, there are likely to be further issues arising over time and the appropriate responses might change. We encourage you to engage with your auditor at an early stage as issues are identified, so that we can work through these challenges together.

This Bulletin provides guidance on service performance reporting. When we use the term "service performance reporting", we are referring broadly to the annual non-financial performance reporting obligations of public sector entities. In Appendix One we set out what we mean when we refer to service performance reporting for different parts of the public sector (for example, government departments, Crown entities, and local authorities).



Content of this Bulletin

This Bulletin covers the following questions in relation to service performance reporting:

- ▶ What are the objectives and key principles of service performance reporting that continue to apply in the current COVID-19 situation? 3
- ▶ Are public entities expected to include disclosure of the impacts of the COVID-19 emergency in their service performance reporting? 4
- ▶ If services have been significantly affected by the COVID-19 emergency, how should this be reported in the service performance report, including: 5
 - how to report against performance measures where service levels have changed significantly; and 5
 - what are the performance reporting expectations for new services provided in response to the COVID-19 emergency? 6
- ▶ Should service performance reports include comment on events subsequent to balance date or plans and expectations for the future in relation to the COVID-19 situation? 7
- ▶ What if the systems that capture service performance information have not operated normally, or controls have lapsed, during the COVID-19 emergency? 7
- ▶ What are the consequences and disclosure expectations when entities have not measured (or cannot measure) their performance against planned performance measures? 8
- ▶ What is the likely impact on audit reports? 9
- ▶ Appendix One – What do we mean by service performance reporting and what financial reporting standards apply to its presentation? 10

► **What are the objectives and key principles of service performance reporting that continue to apply in the current COVID-19 situation?**

The objectives of service performance reporting are to:

- » allow users¹ of the report to assess how an entity has performed during the reporting period; and
- » provide information that is useful to users for accountability and decision-making purposes.

The auditor will form an opinion on the service performance information. This opinion may be expressed as:

- » the service performance information presents fairly, in all material respects, the performance of the entity for the reporting period; and (where applicable²) complies with generally accepted accounting practice.

In some parts of the public sector, governing bodies are required to publicly state a similar opinion in a statement of responsibility included in the annual report. Precise requirements for opinion wordings and statements of responsibility vary according to the specific legislation applying.

Some of the key principles auditors consider in assessing performance reports and forming their opinion are:

- » The service performance report should provide sufficient performance information about an entity's actual activities during the reporting period for its performance to be assessed. This includes information about both:
 - activities planned for the period, with performance indicators set out in the formal accountability documents³ agreed prior to the start of the year; and
 - significant activities undertaken that were not planned for (such as new or significantly enhanced services in response to the COVID-19 emergency).
- » In considering appropriate performance information (such as for new services) entities should consider:
 - different dimensions of performance (for example, quantity, timeliness and quality); and
 - the qualitative characteristics of useful performance information, such as relevance, reliability, understandability, timeliness and comparability.
- » Information about the effects of services, such as the extent to which objectives were achieved or progress was made towards desired impacts or outcomes is also important.

1 For the public sector, the Public Benefit Entities' Conceptual Framework defines users broadly to include taxpayers, ratepayers, service users, and elected representatives.
 2 Refer to Appendix One for information on which parts of the public sector are required by legislation to comply with generally accepted accounting practice.
 3 Accountability documents setting out the performance measures for the year include statements of performance expectations, statements of intent, estimates of appropriations, and council long-term plans.

- » Although entities commonly report performance measures with quantified targets and results, narrative reporting providing a balanced description of performance is appropriate and acceptable in some circumstances.
- » Entities should report against all of the performance indicators set out in their formal accountability documents at the start of the reporting period. Refer to discussion later in this Bulletin for guidance on when this is not possible.
- » Entities should explain in the service performance report any significant variances between their actual performance and their expected performance for the year.
- » Performance information needs to work in conjunction with the financial information to convey a coherent picture of an entity's performance.

Further guidance on the application of these principles is set out in the responses to the questions below.

► **Are public entities expected to include disclosure of the impacts of the COVID-19 emergency in their service performance reporting?**

Yes, we expect public entities to include information about the impact of the COVID-19 emergency on their activities during the year. The extent of this disclosure depends on the level of impact. If the impact is limited, then a high-level disclosure will be sufficient. Where the impacts of COVID-19 on the entity's services are more significant, more comprehensive disclosure is expected.

This disclosure should explain the impact of the COVID-19 emergency on the services delivered by the entity and might cover:

- » whether services were able to continue during different COVID-19 alert levels;
- » the extent to which services needed to be reduced (or increased) in response to the COVID-19 emergency;
- » whether any new or enhanced services were delivered during the period in response to the COVID-19 emergency;
- » the extent to which staff or resources were redeployed to other organisations to assist in the COVID-19 response; and
- » whether the lockdown period adversely affected the entity's ability to report against performance indicators (for example, because service performance information systems or controls have not operated normally during the lockdown period).

The disclosure will depend on each entity's individual circumstances. The information should be balanced and supportable, and focus on the more significant matters.

For any entities for which there has been no significant impact on services, the disclosure would simply state this and briefly explain why the services were unaffected.

For complex entities that provide multiple services, different services may have been impacted differently by the COVID-19 emergency. For these entities it may be appropriate to have a high-level overall disclosure, with more specific information included within the reporting for each activity (local authorities), output (Crown entities), or appropriation (government departments).

► **If services have been significantly affected by the COVID-19 emergency, how should this be reported in the service performance report?**

The COVID-19 emergency has significantly affected the services provided by public entities. Many entities have had to reduce or cease some or all of their activities, or have been redirected into providing different services. Others, such as in health care or the provision of financial support, may have substantially increased some services or commenced new services, while reducing other services.

As explained above, the service performance report should include additional disclosure setting out these changes.

Reporting against performance indicators where service levels have changed significantly because of the COVID-19 emergency

Where entities have stopped providing a service during the COVID-19 emergency, or significantly reduced the level of service provided, this is likely to adversely impact on the achievement of some performance targets set in the accountability documents at the start of the year. As per usual practice, entities should provide a variance explanation setting out the reasons for significant variances between planned and actual performance levels. This might simply require stating that the service stopped being provided because of the COVID-19 emergency.

Similarly, where the provision of a service has increased during the COVID-19 response, variance explanations should explain the reasons for the increased level of the relevant service.

Some entities choose to report for each performance indicator whether the set target has been “achieved” or “not achieved”. Where services have been stopped or significantly reduced, this will likely result in an increase in performance targets being reported as “not achieved”. The disclosures and variance explanations need to be sufficient to explain this. Our audit report does not comment on the extent to which performance measures have been achieved.

One presentation option to consider is splitting the reported performance against relevant service measures into two periods: the period before the COVID-19 lockdown, and the subsequent COVID-19 response affected period. This approach should allow the reader to see if performance was tracking as expected during the “normal” period, and indicate the subsequent impact of COVID-19.

Depending on the nature of the target, it might also be possible to pro rata the target across the period. For example, if the target is the number of visits to a council’s libraries, the council could apportion the target to show the expected number of visits for the period when libraries were open. This works best when the entity usually has an even distribution of service delivery across the year. Entities will need to clearly explain this method of reporting and may need to provide variance explanations for both the pre-lockdown period and the subsequent COVID-19 response affected period.

Performance reporting expectations for new services provided in response to the COVID-19 emergency

One of the key principles of performance reporting is that the service performance report should provide sufficient performance information about an entity's actual activities during the reporting period. This includes performance in the activities planned for the period and also performance in significant activities undertaken that were not planned for (such as new services in response to the COVID-19 emergency).

This means the service performance reporting should include performance information about all significant services delivered during the year, even when there were no formal performance indicators established for those services at the start of the year (because the delivery of the service was not anticipated). What are our expectations for this performance information?

For new or significantly enhanced services in immediate response to the COVID-19 emergency (such as health services), our expectation is that entities will use their best endeavours to provide information that gives an indication of performance for these services. Where possible, entities should try to meet the key principles for service performance reporting outlined on pages 2 and 3 of this Bulletin.

Given the emergency nature of the immediate COVID-19 response, we do not expect entities to have developed or captured any new performance metrics or quantitative performance information on COVID-19 emergency response services solely for external reporting purposes. If entities have recorded suitable metrics or quantified performance information for other reasons, then they should consider whether it is suitable for including in external service performance reporting.

If suitable quantitative information is unavailable, then we expect entities to include narrative performance information on their COVID-19 emergency response services. This information should describe the new or significantly enhanced services, with ideally some indication of the extent of the services (such as amount of service provided, coverage, or resources used) and any available information about quality or success of the service provided. As with all reporting, this should be fair and balanced.

With the reducing number of COVID-19 cases and the reduction in the COVID alert level, the Government's response has increasingly focused on economic and social support and stimulus, with substantial new funding being approved in the May Budget. Our expectation is that government agencies are developing appropriate performance metrics for this new funding and, in many cases, will have quantitative information available to report at least some performance metrics for this new funding at 30 June.

► **Should service performance reports include comment on events subsequent to balance date or plans and expectations for the future in relation to the COVID-19 situation?**

Generally, service performance information is focused on the reporting period. However, for the information to be useful and time-relevant to users, we consider the service performance report should include comment about any significant matters that occur between the balance date and the time the annual report is finalised. For example, a 31 March balance date entity that was unable to provide some services during the lockdown should disclose if these services have re-commenced after balance date. This is consistent with the approach taken in financial reporting standards, where material events occurring after balance date are required to be disclosed.

It might also be useful to disclose brief information about plans for future service delivery, such as plans or expectations about restarting services, together with information about uncertainties that might affect those plans.

► **What if the systems that capture service performance information have not operated normally, or controls have lapsed, during the COVID-19 emergency?**

Some entities that have continued providing services through the lockdown period may not have maintained robust systems to accurately capture performance information during this period (for example, because of lack of access to premises or systems). This may mean that they are unable to report performance information for this period, or they have performance information to report, but systems, controls, or documentation issues may mean there are limitations in the evidence available for auditors to gain assurance that the reported performance is fairly stated.

Entities should explain in their service performance reports:

- » the reasons why performance cannot be reported for any performance measures;
- » any issues with the performance reporting systems and controls that have resulted in:
 - reported performance against a measure not including information about the lockdown period (for a service that continued to be provided);
 - reported performance being less accurate or reliable than usual; or
 - significant limitations in the evidence to support reported performance levels.

In some cases, these matters may need to be commented on in the audit report (refer discussion of audit reports on p9).

► **What are the consequences and disclosure expectations when entities have not measured (or cannot measure) their performance against planned performance measures?**

As a general rule, entities are expected to report in their annual report their actual performance against all of the performance measures they established in their formal accountability documents for the year (for example, statement of performance expectations for a Crown entity, or long-term plan for a council). This year, some entities may not be able to report against some of their performance measures. Some possible examples, together with potential consequences, are in the table below.

Example 1

A Crown entity decides not to proceed with its annual stakeholder survey, or a local authority decides not to proceed with its annual residents' satisfaction survey. We understand that some entities are considering whether it is appropriate or practical, at this time, to conduct these surveys. Part of this consideration is that respondents' views might be overly affected by events of the last quarter of the year, when some services ceased or only partially operated.

Whether to run these surveys is a decision for the entity. If planned surveys are not done, then the reasons for this should be explained in the service performance report.

If the survey was intended to provide material information about the performance of the entity, then the audit report is likely to comment that this information has not been reported. We will not be forming a view on (and will not comment in the audit report about) the merits of public entities' decisions on whether or not to proceed with surveys in these circumstances.

Example 2

An entity planned to run a seminar, and has a performance measure based on asking attendees to rate their experience at the seminar. The seminar did not proceed due to the lockdown.

The performance measure is no longer relevant, as the seminar was not held. The entity will simply need to explain this in its service performance report.

Example 3

An entity did not have access to its offices at 31 March (when a report needed to be generated), or does not have access to its systems in overseas offices that are still locked down, so does not have the data it needs to be able to report its actual performance against some performance measures.

Entities should explain in their service performance reports the reasons why performance cannot be reported for any performance measures.

Depending on the materiality of the measures affected, the audit report may include comment that the planned performance measures could not be reported against.

If these or similar circumstances apply, we encourage you to discuss your specific circumstances with your auditor at an early stage.

► **What is the likely impact on audit reports?**

In the current environment, we are expecting to include some level of comment about COVID-19 impacts in most of the audit reports we sign. These could be qualifications to our opinion or comments we make to emphasise matters (such as uncertainties) disclosed in the service performance report or the financial statements.

These possible audit report responses are a reflection of the changed environment and its consequences for some public entities, rather than a negative comment about an entity's performance or preparation of the service performance report. Any comments in our audit reports will explain this context.

Specifically in relation to service performance reporting, our audit report could comment on:

- » not reporting actual performance against performance measures set in the accountability documents for the year;
- » not reporting performance for the whole year for services that were provided for the whole year;
- » not providing any disclosure about COVID-19 impacts on services;
- » not providing any performance information (neither performance measures nor narrative descriptions of performance) in relation to material activities that were not originally planned for the year, but which were undertaken in response to the COVID-19 emergency;
- » material uncertainties in performance reporting information; or
- » deficiencies in systems, controls or supporting documentation, such that we are unable to obtain sufficient appropriate audit evidence to support reported levels of performance.

Factors that we consider in making decisions on audit report consequences for service performance reporting matters include:

- » the materiality (importance) of the performance measure(s) being considered. Decisions made about material performance information at the planning stage of an audit may be reviewed in light of the COVID-19 response's impacts on entities and their performance reporting. Auditors may consider performance information on new or different services to be material;
- » the number of performance measures affected – the measures might not be material at the individual level, but they might become material when considered collectively; and
- » whether other unaffected performance measures or additional disclosure can provide sufficient relevant performance information to compensate for the aspect of performance that was intended to be covered by the affected measure(s).

The appropriate audit report to issue is determined based on professional judgement and the requirements of the Auditing Standards.⁴

⁴ The Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

► **Appendix One – What do we mean by service performance reporting and what financial reporting standards apply to its presentation?**

When we use the term “service performance reporting” in this Bulletin, we are referring broadly to annual end-of-year non-financial performance reporting obligations in public sector entities. This includes:

Sector	Service performance information	Legislative reference	Generally Accepted Accounting Practice compliance requirement
Government departments	End-of-year performance information for appropriations; and reporting progress against strategic intentions.	PFA ⁵ s.19A PFA s.45(2)(b)	Yes
Crown entities	Statement of performance; reporting progress against strategic intentions; and end-of-year performance information for appropriations (if required).	CEA ⁶ s.153 CEA s.151(2) PFA s.19A	Yes
District health boards	Statement of performance; reporting progress against strategic intentions; and end-of-year performance information for appropriations (if required).	CEA s.153 CEA s.151(2) PFA s.19A	Yes
Tertiary education institutions	Statement of service performance. Note: No service performance reporting is required in 31 March disestablishment reports of institutes of technology and polytechnics.	EA ⁷ s.220(2A)(f)	Yes
Local authorities	Statement of service provision.	LGA ⁸ Schedule 10 clause 25	Yes
Council-controlled organisations	The performance targets and other measures by which performance is judged in relation to the objectives.	LGA s.69(1)(b)(ii)	No
Energy companies (electricity lines companies and gas distribution companies)	The performance targets and other measures by which performance is judged in relation to the objectives.	ECA ⁹ s.44(3)(c)(ii)	No

5 Public Finance Act 1989.

6 Crown Entities Act 2004.

7 Education Act 1989.

8 Local Government Act 2002.

9 Energy Companies Act 1992.

For those sectors that have a legislative requirement for their service performance information to comply with generally accepted accounting practice (GAAP), the relevant reporting standards are:

- » PBE IPSAS 1: *Presentation of Financial Statements* (paragraphs 150.1 to 150.10 and Appendix C cover service performance reporting);
- » PBE FRS-48: *Service Performance Reporting* (applies from 1 January 2021¹⁰ but can be adopted early); and
- » FRS-44: *New Zealand Additional Disclosures* (sets out requirements for **for-profit entities** that report service performance information).

For very small public benefit entities, the requirements for the statement of service performance are set out in the Tier 3¹¹ and Tier 4¹² standards.

This Bulletin does not explicitly cover reporting by those public sector groups whose service performance information is not subject to audit (such as ports, Crown research institutes, and state-owned enterprises).

10 Due to the disruption to the operations of many entities as a result of COVID-19, the External Reporting Board is consulting on a proposal to defer the effective date to January 2022.
 11 The tier 3 criteria include expenses being less than \$2million and not being publicly accountable (as defined).
 12 The tier 4 criteria include expenses being less than \$125,000, not being publicly accountable (as defined) and allowed by law to use cash accounting.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

PO Box 99
Wellington 6140
Phone: 04 496 3099
www.auditnz.parliament.nz

A business unit of the
Controller and Auditor-General



56471-06-20

RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit and Risk Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 20 May 2020 - Public Excluded	<p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(h) The withholding of the information is</p>	.	

	<p>necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p>		
C2 Audit Engagement Letter and Audit Arrangements for Year Ending 30 June 2020	<p>S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

	commercial and industrial negotiations).		
C3 Audit and Risk Subcommittee Action List Report	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
C4 DCC Policy Update Report	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

C5 DCC Corporate Risk Register Update - June 2020	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C6 COVID-19 Risk Update Report - June 2020	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C7 Internal Audit Workplan Update	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	<p>S7(2)(h)</p> <p>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>		
<p>C8 Update on the DCC Internal Audit Actions Register</p>	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C9 Update on the DCC External Audit Actions Register</p>	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

	the public interest that such information should continue to be supplied.		
C10 ComplyWith Legal Compliance Report (Jan - Dec 2019)	S7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C11 Health and Safety Monthly Report for April / May 2020	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C12 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C13 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	subject of the information.		
C14 Protected Disclosure Register	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
C15 Investigation Register	<p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6 and 7.</p>	<p>The matters detailed in this report are subject to investigation and information should remain confidential so not to prejudice the investigation and any possible outcomes of the investigation..</p>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

That Julian Tan (Audit New Zealand) and Monique Kruger (Audit New Zealand) be permitted to remain at the meeting, after the public has been excluded, because of their knowledge of Item C2. This knowledge, which would be of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.