

TABLED DOCUMENT

Tabled at Audit Risk

On 11 June 2018

Audit plan

Rangitikei District Council

For the year ending 30 June 2018

Audit plan

I am pleased to present the arrangements for the audit of Rangitikei District Council (the Council) for the year ending 30 June 2018. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Our audit process.....	5
Reporting protocols	8
Audit logistics	9

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

We are committed to delivering a high-quality audit. Our audit is risk based, which means that we focus on the areas that matter. Every member of the audit team will contribute to achieving the highest standard of professional excellence.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

Debbie Perera
Director

8 June 2018 (Draft)

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, this table sets out the main audit risks and issues.

Audit risk/issue	Our audit response
The risk of management override of internal controls	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.
Fair Value of Property, Plant and Equipment	
<p>The Council revalues its operational and infrastructural assets on a three yearly cycle. The last full revaluation cycle for infrastructure assets for the Council was 30 June 2017.</p> <p>PBE NZ IPSAS 17, Property, Plant and Equipment, requires that valuations are carried out with enough regularity to ensure that the carrying amount does not differ materially from fair value. In a non-revaluation year the Council must consider whether there has been any significant movement in the fair value of the assets.</p> <p>We expect that the Council will have done a comprehensive analysis to determine whether there is a significant variance between the fair value as at 30 June 2018 and the carrying value that would trigger the need for the Council to revalue.</p>	We will review the Council's assessment of whether there is any significant difference between the carrying amount and fair value of its operational and infrastructural assets.

Audit risk/issue	Our audit response
Impairment assessment of property, plant and equipment	
<p>PBE IPSAS 21 <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash Generating Assets</i> require assets held at cost to be assessed for indicators of impairment on an annual basis.</p> <p>The District Council revalues its property, plant and equipment on a three yearly cycle.</p> <p>In a non-revaluation year the District Council must consider whether there has been any significant movement in the fair value of the assets.</p> <p>On a yearly basis the District Council must review its property, plant and equipment for impairment indicators.</p> <p>The last full revaluation cycles were:</p> <ul style="list-style-type: none"> • 30 June 2017 for infrastructural assets; and • 30 June 2016 for art collection. <p>We expect that:</p> <ul style="list-style-type: none"> • the District Council will have done a comprehensive analysis to determine whether there is a significant variance between the fair value as at 30 June 2018 and the carrying value that would trigger the need for the District Council to revalue or impair the assets; and • the value of work in progress (WIP) on projects that span an extended period of time to be assessed for impairment regularly over the period of the project. 	<p>We will:</p> <ul style="list-style-type: none"> • Review the District Council's assessment of whether there is any significant difference between the carrying amount and fair value of its property, plant and equipment; • Review the District Council's assessment of whether there were any indicators of impairment, and the resulting accounting treatment if applicable; and • Review the extent of improvements made to its impairment assessment process.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional

misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.govt.nz/reports/fraud-reports.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of you, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements [and performance information].

Evaluate internal controls (interim audit)

During the interim audit, we update our understanding of internal control. This includes reviewing the control environment, risk assessment processes, and relevant aspects of information systems controls.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence (final audit)

During the final audit we will be auditing the balances, disclosures, and other information included in the District Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements [and performance information]. We will also report to the Council covering any relevant matters that come to our attention.

Materiality

In performing our audit, we apply the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements [and performance information]; and
- influence readers' in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements [and performance information]. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements [and performance information].

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- Rangitikei District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Rangitikei District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Rangitikei District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Rangitikei District Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to governors

We will provide a draft of all reports to governors to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments



on the draft within 10 working days. Once management comments are received the report will be finalised and provided to Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our senior audit team members are:

Debbie Perera	Director
Fiona Elkington	Audit Manager
Audit Supervisor	Yui-teng Chan

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Timetable



Our proposed timetable is:

26 March 2018	Interim audit begins
6 July 2018	Pre-final
13 July 2018	Draft interim management report issued
31 August 2018	Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures
10 September 2018	Final audit begins
TBC	Final financial statements available, incorporating all the amendments agreed to between us
TBC	Verbal audit clearance given
TBC	Annual report available, including any Chair's and Chief Executive's overview or reports
TBC	Audit opinion issued
TBC	Draft final detailed management report issued

Expectations



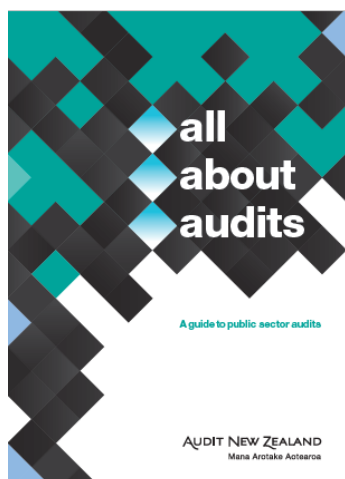
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter dated 13 June 2017.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements [and performance information] will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to explain what to expect from your audit:



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

31 Amesbury Street
PO Box 149, Palmerston North 4440
www.auditnz.govt.nz

TABLED DOCUMENT

Tabled at Audit Risk

On 11 June 2018

Report to the Council on the audit of

Rangitikei District Council's

Long Term Plan Consultation Document for the period

1 July 2018 to 30 June 2028

Report to the Council

We have completed the audit of the Rangitikei District Council (the District Council) Long Term Plan Consultation Document for the period 1 July 2018 to 30 June 2028. This report draws attention to our detailed findings, and where appropriate makes recommendations for improvement.

Contents		
1	Our audit opinion	3
2	Audit scope and objective.....	3
3	Control environment	3
4	Areas of audit emphasis.....	5
5	Other matters arising from our audit	7
6	Audit of the final LTP.....	7
	Appendix 1: Mandatory disclosures.....	8

Key messages

We have completed the audit of the District Council's Long Term Plan Consultation Document (LTP CD) for the period 2018-28 and issued an unmodified opinion on 29 March 2018.

We concluded that the LTP CD provides an effective basis for public participation in the District Council's decisions about the proposed content of its 2018-28 LTP.

We recommend improvement over the quality assurance process over documents submitted for audit to ensure that the LTP CD complies with statutory requirements and that there is consistency between documents and that changes made flow through to all of the documents that make up the LTP CD and underlying information (see item 3.2).

Future focus

As well as the opinion issued on the LTP CD we will also issue an opinion on the final LTP that will be adopted before 1 July 2018.

We remind the District Council of the need to ensure that there are systems in place to monitor its actual performance against budgets, levels of service and performance measures included in the LTP from 1 July 2018. These systems will assist with annual reporting, and also internal monitoring and reporting to the Council.

Thank you

We would like to thank the Council, management and staff for their assistance during the audit.

Debbie Perera
Audit Director
11 June 2018

1 Our audit opinion

1.1 We issued an unmodified audit opinion

We issued an unmodified audit opinion on the District Council's LTP CD on 29 March 2018.

This meant we were satisfied the District Council's LTP CD meets the statutory purpose and provides an effective basis for public participation in the Council's decisions about the proposed content of the 2018-28 LTP.

We found the underlying information and assumptions used to prepare the LTP CD provided a reasonable and supportable basis for the preparation of the LTP.

1.2 Unadjusted misstatements

The LTP CD is free from material misstatements, including omissions. However, in the course of the audit, we found certain misstatements that are individually and collectively not material to the LTP CD.

We have discussed any misstatements that we found with management. The significant misstatements that have not been corrected are listed in Appendix 1 along with management's reason for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively not material.

2 Audit scope and objective

The scope of our audit engagement and our respective responsibilities are contained in our audit engagement letter dated 11 December 2017.

3 Control environment

Our approach to the audit was to identify, confirm and assess the District Council's key processes and controls over the underlying information and ultimate production of both the LTP CD and the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions.

Overall we assessed the control environment in place for the preparation of the LTP CD as reasonable for the purposes of our audit, but have noted some improvements (refer to 3.2).

Our review of the control environment focused on two key areas; planning and budgeting, and asset management practices.

3.1 Process to develop the CD and underlying information

The process to develop the LTP CD and LTP is a significant and complex project. We assessed that the process to develop the LTP CD and prepare the underlying information was generally well managed but note some areas for improvement in 3.2 below.

3.2 Planning and budgeting process

We obtained an understanding of the District Council's budgeting process through discussions with the relevant staff members and appropriate corroboration of verbal representations to supporting documentation.

We gained assurance that the underlying forecast financial information is robust.

During the audit we found that:

- The Consultation Document did not initially comply with statutory requirements and some errors found in the underlying information in relation to timing of capital projects not aligning to the timelines in the Consultation Document (CD); and
- There were delays in receiving underlying updated financial information, the completed combined infrastructure/financial strategy and supporting information.

We worked with Council management and are satisfied that the issues identified were fully addressed in the final LTP CD.

3.3 Asset management practices

We are satisfied that the District Council's asset management practices, and planning for the core infrastructure activities (including three waters and transport) are sufficiently robust, and the knowledge of asset condition for critical assets is continuing to improve (refer to 4.6 for further discussions). The asset management practices provide a sound basis for the information and strategies to be included in the LTP CD and LTP.

As acknowledged in the last LTP there was work being done on assessing asset condition information. While the District Council is getting better information over its underground assets, there still remains a risk around insufficient data and incomplete forecasting. The District Council has included additional disclosure in their combined infrastructure and financial strategy and CD around this uncertainty.

3.4 Quality assurance (QA) checks

As we reviewed the information presented by the District Council we noted that the documents had not undergone a full and complete QA review. We acknowledge that some of this was due to the District Council trying to present information to us quickly but it did

mean that we had to review look at far more versions of the documents before we were satisfied that they were reasonable.

4 Areas of audit emphasis

During the planning stage of the audit, and our review of the content of the LTP CD, we identified the following key risks and issues which were areas of emphasis during our audit. In this section of the report, we comment on our findings on those matters.

4.1 Affordability and maintaining levels of service

In the last LTP, a significant issue facing the Council was the declining population and ensuring rates remain affordable while continuing to deliver the current levels of service. While there has been population growth in parts of the district in other areas that are facing a declining population the provision of reticulated water and wastewater schemes to small communities remains a concern.

The recent increased growth in the main centres in the district this has less of an impact on infrastructure as there is sufficient capacity to absorb increased demand as the infrastructure was designed to support larger populations than they currently do.

We reviewed the progress the District Council has made in investigating alternate cost effective proposals for water and wastewater solutions for small communities as their resource consents come up for renewal and the impact on the 2018-2028 LTP.

Planned projects have been appropriately budgeted and funded through debt in the underlying financial information. Council are investigating alternate cost effective proposals for water and wastewater solutions and lobbying for Central Government funding. As this funding is uncertain no provision has been included in the plan but Council has noted in the CD that any government funding will reduce the debt requirement. The issues are disclosed in the CD and combined infrastructure and finance strategy.

4.2 Town Rejuvenation projects

There are three significant town centre rejuvenation projects for Bulls, Marton, and Taihape, that were consulted on the in the 2015 LTP and in subsequent annual plans.

We reviewed the progress on these projects and ensured that the timings and costings reflected in the budgets reflect the latest available information and assumptions.

4.3 Infrastructure Projects

Major wastewater, water and storm water upgrades are provided for during the next ten years, with some having commenced in 2017/18 or being included in the prior LTP.

The most significant of these is the Marton wastewater upgrade which is estimated to cost \$12m. Based on the initial feasibility study the most cost effective solution is to pipe the Marton wastewater to Bulls with the treatment plant option costs yet to be confirmed. This was meant to commence in 2017/18 but the timeframes for these have now shifted out as Council works through the resource consent process and detailed design phase of transporting wastewater to Bulls and upgrading to a combined treatment option.

We are satisfied from our review that there is adequate support for the infrastructure expenditure provided for over the ten years.

4.4 Quality of asset-related forecasting information

The Roding and Three Waters Asset Management Plans (AMP) were reviewed by our sector specialists. Through discussion with infrastructure staff, a high level assessment of the District Councils planning systems, review of the infrastructure strategy, and a review of the asset management plans the overall quality and material completeness of the Roding and Stormwater Asset Management Plans was assessed as good. These are a sound basis on which to base the asset related forecasts and no significant improvements were noted.

We have specifically reviewed the projects in terms of the Managweka Bridge and the Marton Wastewater system and found that these were costs were supportable. We have also gained an understanding of asset renewal expenditure. The renewal spend matches the requirements as modelled through the AMPs (noting uncertainties as detailed in 3.3) and takes into account in some areas where there is new infrastructure i.e: wastewater.

4.5 Coherence of the CD/LTP with other plans/policies

We have reviewed the financial and infrastructural strategies and other relevant policies and found that there were linkages between them and coherence between the documents.

4.6 Assumptions

We have reviewed the significant forecasting assumptions and are satisfied that these are complete and have been applied appropriately in the financial model. We also reviewed the supporting documentation key assumptions such as the BERL and Growth assumptions and confirmed these to external information.

4.7 Content of the LTP CD

We were satisfied that the LTP CD included appropriate information to enable consultation with the public on key issues.

In the initial draft of the LTP CD there were gaps in the information provided in relation to the Finance and Infrastructure Strategies and options included in the LTP CD to comply fully with the Local Government Act 2002 (LGA). These were addressed in the final LTP CD that was adopted.

4.8 Adopting and auditing the underlying information

The District Council prepared and adopted the underlying information necessary to support the LTP CD.

4.9 Self-assessment

The District Council provided a self-assessment through a meeting with us in order to assist our audit planning. This was useful in that it confirmed our assessment of the key matters that would be included in the LTP CD that would need to be audited and also whether there were any changes in the environment at the District Council.

5 Other matters arising from our audit

We completed our planned work on the modules detailed in our audit proposal and arrangements letter and did not identify any further matters that need to be brought to your attention.

6 Audit of the final LTP

The next step in the LTP audit process will be the audit of the final LTP. This is scheduled to be undertaken commencing 12 June 2018. To ensure our audit of the LTP is efficient we expect the District Council to prepare a schedule of changes to the financial forecasts, draft LTP and performance framework that were the basis of the LTP CD. This will enable us to assess the extent of changes as a result of community consultation and tailor our audit work accordingly.

Under section 94(1) of the Act, our audit report on the final LTP forms part of the LTP, which the District Council is required to adopt before 1 July 2018 (section 93(3)). Our agreed timeframes will enable us to issue our audit report in time for the Council meeting on 28 June 2018, at which time the 2018-28 LTP will be formally adopted.

We are responsible for reporting on whether the LTP meets the statutory purpose and provides a reasonable basis for integrated decision making by the District Council and accountability to the community. We considered the quality of the underlying information and assumptions as part of the audit of the LTP CD so for the audit of the LTP. We will focus on how these are reflected in the LTP. We will consider the effect of the decisions that come out of the consultation process and review the LTP to gain assurance that appropriate, material, consequential changes and disclosures have been made.

At the conclusion of the LTP audit, we will ask the Council to provide us with a signed management representation letter on the LTP. The audit team will provide the template for the letter during the LTP audit.

Appendix 1: Unadjusted misstatements

Unadjusted audit differences

	2019	2020	2021	2022	2023]	2024	2025	2026	2027	2028
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
Expenditure (a)		(7)	((15)	(23)	(31)	(39)	(48)	(57)	(66)	(75)
Expenditure (b)	(155)	(50)	(140)	(50)	(50)	(10)	(10)	(70)	(10)	(10)
Operating surplus										
Current assets										
Current liabilities (a)		(7)	(15)	(23)	(31)	(39)	(48)	(57)	(66)	(75)
Non-current assets	155 270	50	140	50	50	10	10	70	10	10
Noncurrent liabilities (c)	270									
Equity										

- (a) Relates to understatement of employee entitlements – no adjustment has been made as the amount is not material.
- (b) Relates to operational maintenance that has been included as capital expenditure, no adjustment has been made as the amount is not material.
- (c) Overstatement of roading capital expenditure and debt – no adjustment has been made as the amount is not material.

Appendix 2: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit.	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the 2018-28 Long Term Plan Consultation Document (LTP CD) and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the LTP CD does not relieve management or the District Council of their responsibilities.</p> <p>Our audit engagement letter dated 12 December 2017 contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (revised): <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>, the International Standard on Assurance Engagements 3400: <i>The Examination of Prospective Financial Information</i>, and the Auditor-General's Auditing Standards.</p>
Auditor independence	<p>We confirm that, for the audit of the District Council's LTP CD for the period 1 July 2018 to 30 June 2028, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>In addition to this report on the District Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the District Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>

Area	Key messages
Unresolved disagreements	We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the LTP CD. Management has not sought to influence our views on matters relevant to our audit opinion.

TABLED DOCUMENT

Rangitikei District Council A&R Committee Evaluation 2018 – Combined

Scale: 1 = Bad; 2 = Poor; 3 = Average; 4 = Good; 5 = Excellent

It is intended that each Committee Member will complete this form independently and return it to Craig (craig@rap.net.nz) for analysis.

Tabled at Audit/Risk Committee
on 11 June 2018

Questions	1	2	3	4	5	Comments
Area 1: Framework for effectiveness						
1. Has the Committee clearly documented its role and responsibilities and that they are all understood by the Committee and CE?			1	3	1	As all councillors on this committee are self employed, I believe that Audit and Risk meetings could be better held either before or after Finance/performance or before say the HRWS meetings as these are held, I think, around the same time periods. Broken days are very frustrating in my line of work.
2. Are you satisfied that the Committee members individually and collectively, have the skills, time, experience and motivation to fulfil their responsibilities?			1	3	1	We are there to make sure our systems are solid but we still see different practices such as contract s/tender submissions being put forward by different departments Eg procurements by street lighting
3. Are you satisfied with the level of secretarial support for the Committee?				3	2	
Area 2: Operational effectiveness						
4. Has the Committee set a set of objectives by which to measure its effectiveness?		1	3	1		As above (first entry above) I sometimes do have to question the need for Audit/risk. All undertakings and decisions are generally well thought out and fully analysed by the CEO before actioned.
5. Is the Committee well Chaired and the workload dealt with effectively?				3	2	
6. Are meetings conducted in a manner which encourages debate and allows input from all?					5	
7. Does the engagement with the CE provide advice and input which produces better advice for the Committee?			1	1	3	We have yet to get to a stage where important decisions are put to the committee automatically and therefore we deal with a lot of stuff retro
8. Are you satisfied that the Committee's meeting schedule, agenda and papers, and meeting time support effective				3	2	spectively.

decision making and Committee operations?									
9. Are you satisfied with the quality of Committee papers?			1	3	1				
10. Are the meeting minutes clear and complete?				3	2				
11. Is the Committee kept fully informed on all material matters between meetings?		1	1	2	1				
Area 3. Strategic Foresight									
12. Are you satisfied that the Committee devotes significant time to strategy development?			2	2					Strategy, to me is a council matter and only then if there seems to be an issue, should it be discussed at Audit and Risk. Remember we're here to solve a problem not to create a problem.
13. Are you satisfied with the balance between strategic issues and day-to-day matters?			2	2					
Area 4. Stewardship									
14. Are you satisfied that the risk management process and activities correctly and completely identifies the key risks and mitigation/management activities for those risks?				3	1				
15. Are you satisfied with the processes regarding the identification and management of conflicts of interest?				1	3				
Area 5. Performance evaluation									
16. Are you satisfied that the existing range of financial and non-financial performance measures are broad enough to monitor the organisation's performance?			1	3					
17. Are you satisfied that the Committee has in place an appropriate process for regular Committee and Individual member evaluation?				4					
Area 6. Guiding Management									
18. Are you satisfied that the Committee adequately supports the CE?			1	3					Would be useful to hear the CE's comments on this
19. Are you satisfied that the Committee has in place a rigorous process to evaluate the performance of the CEO, with input from all Committee members?			2	1	1				Second question not really relevant to this Committee?
Area 7. Value Creation									
20. Are you satisfied that the Committee has identified the 'value' the stakeholders require and if it being delivered?				3					???? This requires further discussion

21. Does the Committee have adequate mechanisms in place for communicating with major stakeholders?		1	1	1	1	Our major stakeholders are firstly, Council, and secondly, management – the nature of the Committee membership and attendance ensures direct communication
---	--	---	---	---	---	--