



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

Open Agenda

RISK AND ASSURANCE COMMITTEE

30 March 2026

Notice is hereby given that an ordinary meeting of the Ōtorohanga District Council's Risk and Assurance Committee will be held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Monday, 30 March 2026 commencing at 10.00am.

Graham Bunn, GM Business Enablement

23 March 2026

OPEN TO THE PUBLIC AGENDA

Risk and Assurance Committee membership

Independent Chairperson	Peter Stubbs
Deputy Chairperson and Kāwhia-Tihiroa Councillor	Kit Jeffries
Kio Kio / Korakonui Councillor	Andrew Barker
Ōtorohanga Councillor	Jo Butcher
Wharepūhunga Councillor	Shane Carr
Ex-officio Member	Mayor Rodney Dow

All attendees at this meeting are advised that the meeting will be electronically recorded (audio and video) for the purpose of webcasting to the ŌDC's YouTube channel. Every care will be taken to maintain individuals' privacy however attendees are advised they may be recorded as part of the general meeting proceedings.

This Open Agenda was prepared by Manager Governance, Kaia Penwarden and approved for distribution by Group Manager Business Enablement, Graham Bunn on 23 March 2026.

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Workshops		Hui awheawhe	
Strategic risks review			Open to the public
Quarterly discussion with the Chief Executive			Public not permitted

Commencement of meeting**Te tīmatanga o te hui**

The Chairperson will confirm the livestream to YouTube is active then declare the meeting open.

Apologies**Ngā hōnea**

A Member who does not have leave of absence may tender an apology should they be absent from all or part of a meeting. The meeting may accept or decline any apologies. For clarification, the acceptance of a Member's apology constitutes a grant of 'leave of absence' for that specific meeting(s).

Should any apologies be received, the following recommendation is made: *That the Risk and Assurance Committee receive and accept the apology from ... for ... (non-attendance, late arrival, early departure).*

Late items**Ngā take tōmuri**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.

Should a late item be raised, the following recommendation is made: *That the Risk and Assurance Committee accept the late item due to to be heard*

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

Members are reminded to stand aside from decision making when a conflict arises between their role as an elected member and any private or external interest they may have.

A conflict can exist where:

- The interest or relationship means you are biased; and/or
- Someone looking in from the outside could have reasonable grounds to think you might be biased.

Should any conflicts be declared, the following recommendation is made: *That the Risk and Assurance Committee receive the declaration of a conflict of interest from for item ... and direct the conflict to be recorded in Ōtorohanga District Council's Conflicts of Interest Register.*

Decision reports**Ngā pūrongo whakatau**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 1 Annual Report Audit Engagement

To Risk and Assurance Committee

From Brendan O’Callaghan, Manager Finance

Type **DECISION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To present for signing the audit engagement letters for the 2025/26 Annual Report audit.

2. Executive summary | Whakarāpopoto matua

- 2.1. The Engagement Letters outline the obligations and responsibilities of Otorohanga District Council (ODC) and Deloitte in relation to the Annual Report audit and Trustee Reporting engagement.
- 2.2. ŌDC has previously adopted to Audit Proposal which outlines the proposed audit fees for the financial years from 30 June 2025 to 20 June 2028 inclusive.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee:

- a) **RECEIVES** the Audit Engagement Letter for the financial years ending 30 June 2026 through to 30 June 2028 and the ŌDC Trustee Reporting Engagement Letter for the financial year ending 30 June 2026.
- b) **RECOMMEND** Mayor Rodney Dow sign these letters on behalf of ŌDC.

4. Context | Horopaki

- 4.1. ŌDC is required under the Local Government Act 2002 and the Public Audit Act 2001 to present a statement from our appointed auditor with our Annual Report each year.
- 4.2. The Office of the Auditor General has appointed Bruno Dente, using the staff and resources of Deloitte Limited to undertake our audit of our annual report.
- 4.3. Separately to this, ŌDC are also required under the Debenture Trust Deed to have in place, in relation to borrowings, an audit performed on ŌDC’s reporting related to that trust deed, which is also undertaken by Bruno Dente and Deloitte.

5. Discussion | He kōrerorero

- 5.1. The attached letters are standard letters and outline the responsibilities and obligations of both parties to the audit, as well as additional information about reporting back to ŌDC and the Committee and independence obligations.
- 5.2. Historically, these letters have been an annual letter, covering just the year of the upcoming annual report. However, in this case, a three year letter has been created for the Annual Report audit, which will cover the financial years from 30 June 2020 to 30 June 2028 inclusive.
- 5.3. The Trustee Reporting Engagement Letter continues to be a one year letter at this point, only covering the 30 June 2026 financial year.
- 5.4. The Trustee Reporting Engagement Letter is also required to be signed by our Trustee, Covenant Trustee Services Limited, and will be sent on for their signature after being signed by ŌDC's Mayor.
- 5.5. Fees for the Trustee Reporting audit are detailed in the letter and are estimated to be \$9,000.
- 5.6. Fees for the Annual audit were previously provided by Deloitte in their Audit Proposal letter, which was presented to the previous committee on 9 June 2025 and recommended for the Mayor at the time to sign. The proposed fees for the 30 June 2026 year is \$222,793 excluding disbursements. A copy of this previously adopted proposal is included for information purposes.
- 5.7. A copy of the Audit Plan for the year ending 30 June 2026 Annual Report is also attached for information purposes.

6. Strategic Considerations | Ngā whai whakaarotanga

Significance and engagement

- 6.1. This decision is assessed as not significant under ŌDC's Significance and Engagement Policy. It has no material impact on community wellbeing, does not affect levels of service or strategic assets, and involves only minor operational expenditure. No need to inform or engage community.

Mana whenua / Māori

- 6.2. This decision has no direct impact on Māori, as it relates only to internal processes. It does not affect whenua, awa, moana, wāhi tapu or other taonga, and has no implications for iwi, hapū or marae.

Strategic alignment

- 6.3. This decision is largely operational and does not have a direct strategic alignment. It is consistent with ŌDC's role in delivering core services but does not significantly advance any of the community outcomes.

Legal

- 6.4. As previously mentioned, ŌDC is required to have an audit undertaken under the Local Government Act 2002 and the Public Audit Act 2001.

Financial

6.5. There are no financial considerations associated with this decision, as audit fees are already included within budgets.

Risk analysis

6.6. The risk of this decision is assessed as low, as this is an ordinary operational activity and there have been no risk concerns in the past.

7. Options analysis | Tātari Kōwhiringa

0	Option 1	Option 2
Summary	Recommend the signing of each letter	Don't recommend the signing of each letter
Advantages	Complies with legislative and trustee requirements.	None identified.
Disadvantages	None identified	Potential legal problems from not complying with legislation and or the trust deed. Delaying the commencement of the audit work, which could result in delays in completing the audit, resulting in missing statutory deadlines.

Recommended option and rationale

7.1. The recommended option is to recommend that the Mayor signs both letters. Given the legislative and contractual requirement to have these audits undertaken, it is more prudent to sign these letters.

8. Appendices | Ngā āpitihanga

Number	Title
1	Audit Engagement Letter
2	ODC Trustee Reporting Engagement Letter
3	2025-28 Audit Proposal
4	30 June 2026 Annual Report Audit Plan



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16 February 2026

The Mayor and Councillors
Ōtorohanga District Council
PO Box 11
ŌTOROHANGA

Dear Councillors,

AUDIT ENGAGEMENT LETTER

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Ōtorohanga District Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Bruno Dente using the staff and resources of Deloitte Limited, under section 32 and 33 of the Act, to carry out the annual audits of the Ōtorohanga District Council's financial statements and performance information. We will be carrying out these annual audits on the Auditor-General's behalf, for the years ending 30 June 2026, 30 June 2027 and 30 June 2028.

In the delivery of services we may engage other Deloitte Network Firms to assist with certain aspects of this engagement. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

This letter outlines:

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

The objectives of the annual audit are:

- to provide an independent opinion on the Council's financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically, those matters will relate to issues of financial management and accountability.

We will carry out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Ōtorohanga District Council's financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.



Your responsibilities

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

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Ōtorohanga District Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

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

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

We expect the Council and/or the individuals within the Ōtorohanga District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. The Auditor-General and Deloitte Limited take seriously their responsibilities under the Health and Safety at Work Act 2015, and we expect you to provide a safe and healthy working environment for our audit staff when they are working at your premises. Specific health and safety responsibilities are set out in Annex 1. We expect members of the Council to be familiar with all of the responsibilities set out in Annex 1 and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.



Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Ōtorohanga District Council:

- present fairly, in all material respects:
 - its financial position as at 30 June 2026, 30 June 2027 and 30 June 2028; and
 - its financial performance and cash flows for the years then ended;
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
 - the funding impact statement, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Annual Plan.

We are also responsible for forming an independent opinion on whether the *performance information of Ōtorohanga District Council*

- presents fairly, in all material respects, the performance for the years ended 30 June 2026, 30 June 2027 and 30 June 2028, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
 - complies with generally accepted accounting practice in New Zealand;
 - the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and
 - the funding impact statement for each group of activities, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Long-term plan.

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

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



During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the *Council's* internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the *Council* and the District Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the District Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and the District Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of Ōtorohanga District Council; including being independent of management personnel and members of the Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Deloitte Limited.

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

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically those matters will relate to issues of financial management and accountability. We may also provide other management letters to the Ōtorohanga District Council from time to time. We will inform the Council of any other management letters we have issued.

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

Audit tools

You agree that, for the purpose of providing the services covered by this letter, we may use third parties, wherever located, to store and process information received from you or your agents; provided that such third parties are bound by confidentiality obligations similar to those contained in the Terms. For example, Deloitte uses a cloud services platform (currently Microsoft Azure), to host an integrated suite of audit tools which may be used as part of our engagement with you.



Next steps

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

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

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

Yours faithfully/sincerely

A handwritten signature in blue ink that reads "Bruno Dente".

Bruno Dente
Appointed Auditor
On behalf of the Auditor-General



Ōtorohanga District Council
16 February 2026
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Client Acceptance

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

Signature:

Name:

Title:

Date:



Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities for the financial statements and performance information	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are required by legislation to prepare financial statements <i>and performance information</i> in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> • present fairly, in all material respects: <ul style="list-style-type: none"> - the financial position as at 30 June 2026, 30 June 2027 and 30 June 2028; and - the financial performance and cash flows for the years then ended; - the funding impact statements, present fairly, in all material aspects, the amount of funds produced from each source of finding and how the finds were applied as compared to the information included in the Council's Annual Plan. • comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> • presents fairly, in all material respects, the performance for the years ended 30 June 2026, 30 June 2027 and 30 June 2028, including: <ul style="list-style-type: none"> - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; - the reasons for any significant variation between the levels of service achieved and the intended levels of service; - the statement about capital expenditure for each group of activities, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's Annual Plan; and - the funding impact statement for each group of activities, presents fairly, in all material aspects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's Long-term plan.



	<ul style="list-style-type: none"> complies with generally accepted accounting practice in New Zealand <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee’s overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General’s preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> the appropriateness of accounting policies used and whether they have been consistently applied; the reasonableness of the significant accounting estimates and judgements made by those charged with governance; the appropriateness of the content and measures in any performance information; the adequacy of the disclosures in the financial statements and performance information; and the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> the adoption of the going concern basis of accounting is appropriate; all material transactions have been recorded and are reflected in the financial statements and performance information;
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	<ul style="list-style-type: none"> • all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and • uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
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Responsibilities for the accounting records	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> • correctly record and explain the transactions of the public entity; • enable you to monitor the resources, activities, and entities under your control; • enable the public entity's financial position to be determined with reasonable accuracy at any time; • enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and • are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>

Responsibilities for accounting and internal control systems	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control</p>



	systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.
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Responsibilities for preventing and detecting fraud and error	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Ōtorohanga District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>

Responsibilities for compliance with laws and regulations	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> • the relevance of the law or regulation to the audit; • our assessment of the risk of non-compliance; • the impact of non-compliance for the addressee of the audit report



	<p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
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Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>



Responsibilities for conflicts of interest and related parties	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>

Responsibilities for publishing the audited financial statements on a website	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

Responsibilities under the Health and Safety at Work Act 2015	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:</p> <ul style="list-style-type: none"> • information, training, instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures; • suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation; • adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities; • appropriately labelled and equipped first-aid kits; • personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and 	<p>The Auditor-General and Deloitte Limited take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU) we will make arrangements with you to keep our audit staff safe while they are working at your premises or otherwise engaging with you on their audit work.</p> <p>We will obtain an understanding of health & safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or don't do does not adversely affect the health and safety of other people.</p> <p>We will cooperate with the workplace health and safety policies and procedures of the Ōtorohanga District Council and comply with any reasonable instructions given.</p>



<ul style="list-style-type: none">• protection from offensive conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs. <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p>	<p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as a Chief Financial Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p>
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16th February 2026

The Council
Ōtorohanga District Council
PO Box 11
OTOROHANGA

The Board Members
Covenant Trustee Services Limited
PO Box 4243
Shortland Street
AUCKLAND 1140

Dear Councillors and Board Members,

Confirmation of Engagement – Limited Assurance Report in respect of Ōtorohanga District Council's Debenture Trust Deed

The purpose of this letter is to confirm our understanding of our mutual responsibilities arising from your request to provide a report under clause 10.2.6(a) of the Debenture Trust Deed between Ōtorohanga District Council (the "Council") and Covenant Trustee Services Limited, (the "Trustee") and dated 30 November 2011 (the "Trust Deed").

The purpose of this letter is to confirm the terms of our Limited Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

Scope of the Engagement

The Auditor-General is the auditor of the Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me Bruno Dente, using the staff and resources of Deloitte Limited to carry out the audit of the annual financial statements and performance information of the Council.

The objective of the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with the Council dated 16th February 2026, is to report our opinion on those annual financial statements and performance information on behalf of the Auditor-General.

As auditors appointed for the audit of the annual financial statements and performance information, we are not responsible for:

- The preparation of the annual financial statements and performance information of the Council;
- Any Reporting Certificate(s) issued to the Trustee by the Council;
- The Council's compliance with the Trust Deed; or
- The obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this Limited Assurance Engagement is to report on certain matters stated in clause 10.2.6(a) of the Trust Deed based on information obtained as a by-product of the audit of the annual financial statements and performance information of the Council for the year ended 30 June 2026.



For the purpose of providing our Limited Assurance report (the "Report"), (example attached as Appendix A), other than as expressly stated in the section below titled "Scope of the Auditor's Responsibilities", we will not perform any further procedures beyond those required to complete the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Council's Reporting Certificate for the year ended 30 June 2026 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6(a) of the Trust Deed must be viewed in that context.

Scope of the Council's Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustee under clause 10.2.1 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.1 and clause 4.2.8 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Scope of the Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed, and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of the Report and the audited annual financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited annual financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors". This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Scope of the Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we will perform and the evidence we will obtain. We will conduct our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.



A limited assurance engagement is not an audit and the procedures that will be performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that will be obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

We will report to you on the following specific matters under clause 10.2.6(a) of the Trust Deed:

- From our perusal of the Reporting Certificate dated 30 June 2026 given on behalf of the Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility we will agree the total amount of all categories of stock in the Reporting Certificate dated 30 June 2026 with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions the Chief Executive will make in the Reporting Certificate our procedures will be limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Whether in performing our duties as auditors, we have:

- become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
- disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the annual financial statements and performance information of the Council.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We will not test that each individual Stockholder has received all monies due and payable to them.

- Whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.1 and 4.2.8 of the Trust Deed.

We will not audit the Register for the year ended 30 June 2026. Our procedures will be limited to asking the Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2026:

- the amount of Stock and how much is Security Stock and Bearer Stock; and
- the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we will agree the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We will not test that each individual Stockholder has received all monies due and payable to them.



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Our Limited Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

Inherent limitations

We will report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement will not be performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed will be undertaken on a test basis (that is, we will not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion will be formed on the above basis.

Restricted use

Our Report will be addressed to the Council and the Trustee. This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clause 10.2.6(a) of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Our Report is not to be copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

Independence and quality control

We will comply with the Auditor-General's:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality management requirements, which incorporate the quality management requirements of Professional and Ethical Standard 3 issued by the New Zealand Auditing and Assurance Standards Board.

Audit tools

You agree that, for the purpose of providing the services covered by this letter, we may use third parties, wherever located, to store and process information received from you or your agents; provided that such third parties are bound by confidentiality obligations similar to those contained in the Code of Conduct. For example, Deloitte Limited uses a cloud services platform (currently Microsoft Azure), to host an integrated suite of audit tools which may be used as part of our engagement with you.

Timetable

Our work will be completed concurrently with the audit of the annual financial statements and performance information. We will complete our Report as soon as possible once the Council has signed the annual financial statements and performance information and provided us with the Reporting Certificate given on behalf of the Council pursuant to clause 10.2.4 of the Trust Deed.

Fees

The fee will be payable by the Council for this Limited Assurance Engagement. The total fee is estimated to be \$9,000.



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Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

Yours faithfully

A handwritten signature in blue ink that reads "Bruno Dente".

Bruno Dente
Partner
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand



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Ōtorohanga District Council Acceptance

Ōtorohanga District Council confirms and accepts the engagement of Deloitte Limited to provide the services on the terms and conditions set out in this engagement letter.

(Signature)

(Name)

(Position)

(Date)

Trustee Acceptance

Covenant Trustee Services Limited as Trustee for Debenture Trust Deed for Ōtorohanga District Council confirms and accepts the engagement of Deloitte Limited to provide the services on the terms and conditions set out in this engagement letter.

Covenant Trustee Services Limited has entered into this letter of engagement in its capacity as Trustee of Debenture Trust Deed for Ōtorohanga District Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of Ōtorohanga District Council available to it from time to time in that capacity.

(Signature)

(Name)

(Position)

(Date)



16 February 2026

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Appendix A: Indicative Report

INDEPENDENT ASSURANCE REPORT

TO ŌTOROHANGA DISTRICT COUNCIL AND TO COVENANT TRUSTEE SERVICES LIMITED IN RESPECT OF ŌTOROHANGA DISTRICT COUNCIL'S DEBENTURE TRUST DEED FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Ōtorohanga District Council (the "Council") pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte Limited to undertake a limited assurance engagement, on his behalf, as required by clauses 10.2.6(a) of the Debenture Trust Deed dated 30 November 2011 (the "Trust Deed"), for the year ended 30 June 2026.

Council's Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to Covenant Trustee Services Limited (the "Trustee") under clause 10.2.1 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.1 and 4.2.8 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed, and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of this limited assurance report (the "Report") and the audited financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority ("FMA") issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors". This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.



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A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 10.2.6 (a) of the Trust Deed based on information obtained as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council for the year ended 30 June 2026.

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2026 is prepared by the Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 (a) of the Trust Deed must be viewed in that context.

Our responsibility under clause 10.2.6 (a) of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated [Date] given on behalf of the Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility we agreed the total amount of all categories of Stock in the Reporting Certificate dated [Date] with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report whether, in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report, as at the end of the financial year, from the audit procedures performed as part of our engagement to perform the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.



The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.1 and 4.2.8 of the Trust Deed.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking the Council for a copy of the audit report about the Register.

- Report as at [date]:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

Inherent limitations

We report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of the Council’s compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

Restricted use

This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clauses 10.2.6(a) of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Limited Assurance Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- The statements made by the Council in the Reporting Certificate dated [Date] pursuant to clause 10.2.4 are materially incorrect (Reporting Certificate dated [Date] is given in Appendix 1).
- There are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee;
- There are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders;
- In all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on [date], and our conclusion is expressed as at that date.



The Register and Stock

The Council has provided us with a copy of the audit report about the Register. (A copy of the audit report about the Register is attached in Appendix 2).

Based on the work described in this Report, as at [date] the following balances are given:

o	Total stock of	XXXX
This is comprised of:		
o	Security stock of	XXXX
o	Bearer stock of	XXXX
o	Other stock of	XXXX
o	Security stock (Local Government Funding Agency stock) of	XXXX

Based on the work described in this Report, as at [date] the following balances are given:

o	Total Principal Money owing and secured under the stock of	XXXX
This is comprised of:		
o	Security stock of	XXXX
o	Bearer Stock of	XXXX
o	Other stock of	XXXX
o	Security stock (Local Government Funding Agency stock) of	XXXX

The Council is one of a group of guarantors of the Local Government Funding Agency. As at [date] the Council had x,xxx,xxxk units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at [date] is as follows:

x,xxx,xxxk	units of Security Stock on issue associated with the guarantee
xx,xxxk	accrued interest
(xxx,xxx)k	Treasury Stock held by the Local Government Funding Agency
xx,xxxk	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
x,xxx,xxxk	Total borrowings of the Local Government Funding Agency at [date]

The Reporting Certificate dated [Date] (attached) requires the Council to report Security Stock (issued with a floating nominal amount) no more than 5 business days before the date of the Reporting Certificate. The Council has x,xxx,xxxk units of Security Stock on issue associated with the guarantee at that date. This value includes xxx,xxxk of Treasury Stock held by the Local Government Funding Agency and excludes accrued interest. The Local Government Funding Agency may have lent an amount of the Treasury Stock to the market via repurchase agreements.

Independence and quality control

We complied with the Auditor-General's:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality management requirements, which incorporate the quality management requirements of Professional and Ethical Standard 3 issued by the New Zealand Auditing and Assurance Standards Board.



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In addition to this engagement, we performed the annual audit of the Council's annual financial statements and performance information. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries or the Trustee.

Bruno Dente
Partner
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand



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Appendix 1

Copy of the reporting certificate dated [Date]

Appendix 2

Copy of the audit report about the Register



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Hamilton 3216

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New Zealand

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www.deloitte.co.nz

7 May 2025

Ref.: EN/LCA/03-0028

Max Baxter
Mayor
Ōtorohanga District Council
PO Box 11
OTOROHANGA

Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
WELLINGTON

Dear Max

Proposal to conduct the audit of Ōtorohanga District Council on behalf of the Auditor-General for the 2025, 2026, 2027 and 2028 financial year

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three financial years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the four next financial years ending 30 June 2025, 30 June 2026, 30 June 2027 and 30 June 2028. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fee for the audit for the financial year ending 30 June 2025, 30 June 2026, 30 June 2027 and 30 June 2028 and reasons for any change;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General’s Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Councillors and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

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Deloitte.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Entitles covered by this proposal

The hours and fee included in this proposal relate solely to the audit of Ōtorohanga District Council.

4 Key members of the audit team

Appointed Auditor	Bruno Dente
Quality Control Reviewer	Mike Hoshek
Audit Manager	Ben McLeod

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2024 budget	2024 actual (*)	2025 budget	2026 budget	2027 budget	2028 budget
Appointed Auditor	50	66	50	50	50	50
Review Partner	10	14	10	10	10	10
Audit Manager	95	160	95	95	95	95
Other CA qualified staff	240	230	240	240	240	240
Non-CA qualified staff	505	720	505	505	505	505
Total audit hours	900	1,190	900	900	900	900

(*) NOTE - actual hours (1,280 hours) have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

Actual hours for the year ended 30 June 2024 were higher than budgeted due to:

- Additional hours were spent testing vested assets, which involved gaining an understanding of the assets and conducting appropriate sampling. Furthermore, extra time was dedicated to testing management override of controls and the statement of service performance, obtaining a deep understanding of the internal controls and processes related to the statement of service performance.
- Larger samples were needed for areas such as property, plant, and equipment, leading to increased testing time. Additionally, specific aspects of loan receivables required additional attention, prompting discussions with an internal expert to ensure accurate treatment.

We will continue to work together to create audit efficiencies to reduce audit hours to be more in line with the budgeted hours of 900.

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5.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation’s audit are:

Reasons for increased or decreased audit hours compared to previous period budgeted hours:	2025	2026	2027	2028
No change in budgeted hours have been proposed.	-		-	-
Total increase (decrease) in audit hours	-		-	-

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2024 budget fees	2024 actual fees charged (**)	2025 budget fees	2026 budget fees	2027 budget fees	2028 budget fees
	\$	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	190,671	190,671	197,344	203,264	209,362	215,642
OAG Audit Standards and Quality Support charge	17,883	17,883	18,688	19,529	19,530	19,530
Total audit fee (excluding disbursements)	208,554	208,554	216,032	222,793	228,892	235,172
Estimated Disbursements, including technology charge (3%) (***)	6,691	6,053	8,998	9,176	9,358	9,547
Total billable audit fees and charges	215,245	214,607	225,030	231,969	238,250	244,719
GST	32,287	32,191	33,755	34,795	35,738	36,708
Total (including GST)	247,532	246,798	258,785	266,764	273,988	281,427

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

(**) NOTE - Net audit fee includes cost of undertaking the review of valuation roading bridges and culverts, land and buildings, and three waters assets on three yearly cycles. The valuation for roading, land and buildings, solid waste and three waters assets last occurred in 2023, 2024 and 2022 respectively and will next be conducted in 2026, 2027 and 2025 respectively (based on three-year cycle). Should an out of cycle valuation be required an additional fee of \$15,000 will be charged per valuation.

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(***) The technology fee is a charge that is 3% of the net audit fee for the costs relating to delivering the audits in a virtual and digital environment. These costs pertain to the processes, controls and systems for the secure handling of data and other technology related items such as data changes, hardware and software costs and licensing fees.

6.1 Reasons for changes in audit fees

The main changes in cost components for future audits are:

Reasons for increased or decreased audit fees compared to previous period <u>budgeted</u> fees.	2025	2026	2027	2028
3.5% inflationary increase including staff costs (2025: 3.5%, 2026: 3%, 2027: 3%, 2028: 3%)	6,673	5,920	6,098	6,280
Total increase (decrease) in audit fees	6,673	5,920	6,098	6,280

7 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- You will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit.
- Your staff will provide us with an appropriate level of assistance.
- Your organisation’s annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit.
- Your organisation’s financial statements will include all relevant disclosures.
- We will review up to two sets of draft annual reports, one printer’s proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website).
- There are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us).
- There are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1
- There are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above.
- There is no work to be performed in relation to climate disclosures or measures included within the annual report. Any work required over climate disclosures or measures will be considered a change in scope.
- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, timing of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

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The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



Bruno Dente
Partner
For Deloitte Limited

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I accept the audit fees for the audit of the financial year as stated above.

Full name: Max Baxter Position: Mayor
 Authorised signature: [Signature] Date: 29/07/2025
 Entity name: Ōtorohanga District Council

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to:
 - Bruno Dente
 - Deloitte Limited
 - PO Box 17
 - Hamilton 3240

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Ōtorohanga District Council

Report to the Risk & Assurance Committee
for the year ending 30 June 2026



Purpose of report

This report has been prepared for Ōtorohanga District Council's Risk and Assurance Committee and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 16th February 2026 and as required by New Zealand auditing standards.

This plan is intended for the Committee and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures to date and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Councillors.

Responsibility statement

We are responsible for conducting an audit of Ōtorohanga District Council (the 'Council') for the year ending 30 June 2026 in accordance with New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board.

Our audit is performed pursuant to the requirements of Local Government Act 2002, Public Audit Act 2001 and the Financial Reporting Act 2013, , with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Councillors.. The audit of the financial statements does not relieve management or the Councillors of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Council's controls, but we will provide you with any recommendations on controls that we may identify during the course of our audit work.



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Planning report



Introduction

Dear Risk and Assurance Committee

We are pleased to provide you with our planning report for the audit of Ōtorohanga District Council (the 'Council') for the year ending 30 June 2026. We understand our responsibility to you, and we have developed a tailored audit plan that summarises the key aspects of our audit scope and approach, our planned communications with you, and our team structure.

This report is designed to outline our respective responsibilities in relation to the audit, to present our audit plan and to facilitate a two-way discussion on the plan presented. This plan is therefore intended for the Councillors and should not be distributed further.

Our External Audit Strategy for this year will continue to be underpinned by:

- Our risk-based audit approach, use of data and audit technology;
- Our commitment to providing both management and the Committee with objective and timely insights on the Council's financial reporting process and control environment; and
- Our commitment to providing insights on trends and market developments as they relate to financial reporting, sustainability and climate change reporting.

We appreciate the opportunity to serve the Council. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our plan.

Deloitte Limited

Bruno Dente, Partner
for Deloitte Limited
Hamilton | 19 March 2026



Areas of audit focus - dashboard

Area of audit focus	Significant risk	Fraud risk	Reliance on controls planned	Level of management judgement	Status
Valuation of infrastructure assets	✓	✗	D	●	🔄
Local Water Done Well	✗	✗	✗	●	★
Management's override of controls	✓	✓	D	●	🔄
Revenue recognition	✗	✗	D	●	🔄
Statement of Service Performance	✗	✗	D	●	🔄
ESG and climate change	✗	✗	✗	●	🔄
Matters raised by the Office of the Auditor General	✗	✗	✗	●	🔄

Control testing planned

D: Evaluate whether control design manages risk appropriately

OE: Planning to test if controls were operating effectively and can be relied upon

Level of management judgement required



New area of focus



Continuing area of focus



Areas of audit focus

Area of audit focus	Our approach
<p>Valuation of infrastructure assets</p> <p>The Council has a significant asset base with infrastructural assets carried at fair value. Each asset class is revalued on a regular basis, generally on at least a three yearly basis. In years when an asset class is not revalued, a fair value assessment needs to be performed, to ensure that carrying value of these assets still approximate fair value.</p> <p>The following are the asset classes carried at fair value and the year they were last revalued:</p> <ul style="list-style-type: none"> Land and Buildings – operational and restricted – 30 June 2024 Three waters infrastructure – 30 June 2023 Roading, bridges and culverts – 30 June 2025 <p>In the current year, the three water infrastructure asset classes are due to be revalued based on the three yearly cycle. The valuation of assets can be a complicated process and Management and Council need to ensure that a robust review of the valuation process is performed irrespective of the valuation being performed by an independent expert.</p> <p>For the other asset classes, management are required to perform an assessment to determine whether the carrying value of these assets still approximate fair value as at 30 June 2026. The assessment to determine whether the carrying value of these assets still approximate fair value, requires a degree of judgement and consideration of different assumptions. Input into these assumptions may come from in-house or independent experts. Where there are indicators that the carrying value is materially different to the fair value a revaluation is required to be undertaken.</p>	<p>For infrastructural assets carried at fair value but not revalued in the current year, we plan to:</p> <ul style="list-style-type: none"> • Obtain management’s assessment of the indicative movement in fair value for all assets classes carried at fair value; • Obtain supporting documentation from independent valuers supporting the indicative fair value movement (if applicable); and • Review the key assumptions applied in determining the indicative fair value, assess and challenge management’s overall conclusions. <p>For infrastructure assets carried at fair value and revalued in the current year, we plan to:</p> <ul style="list-style-type: none"> • Obtain the revaluation of infrastructure class(es); • Obtain representation directly from the independent valuer confirming their methodology; • Review the key underlying assumptions used to ensure these assumptions are reasonable and in line with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”); and • Ensure the revaluation transaction is correctly accounted for and disclosed in the financial statements in order to comply with PBE IPSAS.



Areas of audit focus (cont.)

Area of audit focus	Our approach
<p>Local Water Done Well</p> <p>Ōtorohanga District Council's ('ODC') has completed the key decision and planning phases of the Local Water Done Well reform. The Council has formally resolved to participate in the Local Water Done Well reform by joining a multi-council Council-Controlled Organisation (CCO), Waikato Waters Limited. The Council is a founding shareholder alongside other Waikato councils.</p> <p>As required under the Local Water Done Well legislation, the Council prepared a Water Services Delivery Plan describing:</p> <ul style="list-style-type: none"> • The current state of water and wastewater assets, • The future delivery model via Waikato Waters Limited; and • How services will be financially sustainable over time. <p>The Council's Water Services Delivery Plan was approved by the Secretary for Local Government in 2025. While Waikato Waters Limited has been established, the Council retains full asset ownership and operational responsibility for water supply and waste water services assets until 30 June 2026. On 1 July 2026 the assets and associated liabilities will transfer to Waikato Waters Limited. WDC will retain ownership of stormwater assets.</p> <p>The Council's preparedness for the transfer of assets and liabilities involves several complex considerations, including:</p> <ul style="list-style-type: none"> • Readiness of asset registers • Treatment of transferred liabilities • Accounting treatment of the transfer <p>As this area continues to evolve and the Councils are still obtaining accounting advice, the disclosure requirements will be confirmed in due course</p> <p>During the transition period, it is essential that the Council effectively manages the organisational and financial impacts associated with the transfer. This includes ensuring that all accounting implications and regulatory compliance requirements, both during and following the transfer, are thoroughly considered and addressed.</p>	<p>As part of our audit process, we plan to:</p> <ul style="list-style-type: none"> • Continue to follow up and discuss with management the impact of these initiatives to the Council, and where necessary, and consider them within our audit approach; and • Maintain close communication with the Office of the Auditor-General in relation to these matters; and • Review any disclosures and accounting implications of the transfer impacting the current financial year. <p>This remains an evolving area, and we will continue to update management and the committee as the transfer mechanism becomes more clearly defined.</p>



Areas of audit focus (cont.)

Area of audit focus	Our approach
<p>Management override of controls</p> <p>ISA (NZ) 240 The auditor’s responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in management’s ability to override controls.</p> <p>We are required to design and perform audit procedures to respond to the risk of management’s override of controls.</p> <p>Management’s override of controls is identified as a fraud risk because it represents those controls in which manipulation of the financial results could occur.</p> <p>It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.</p>	<p>We plan to:</p> <ul style="list-style-type: none"> • Understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements. • Test the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments. • Review accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management. • Perform a retrospective review of management’s judgements and assumptions relating to significant estimates reflected in last year’s financial statements. • Obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the Council and its environment.



Areas of audit focus (cont.)

Area of audit focus	Our approach
<p>Revenue recognition</p> <p>ISA (NZ) 240 The auditor’s responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in revenue recognition and therefore this is a focus area for the audit.</p> <p>The Council has various revenue streams which need to be considered separately to ensure they are in-line with PBE Standards.</p> <p>Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 (LGRA) is vital; if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to ensure that the requirements of the LGRA are all adhered to and that there is consistency between the rates resolution, the funding Impact Statement for that year, and the Revenue and Financing Policy in the respective Long Term Plan (LTP) or Annual Plan (AP).</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may also result from an understatement of revenues through, for example, improperly shifting revenues to a later period. Through our understanding of the Council with the processes in place and level of risk assessed we have rebutted the significant risk of fraud associated with revenue recognition.</p>	<p>We will perform the following audit procedures to ensure that revenue recognition is appropriate:</p> <ul style="list-style-type: none"> • Understand, evaluate and assess the relevant controls that address the risks of revenue recognition; • Assess the quality of information produced from the IT system and ensure accuracy and completeness of reports that are used to recognise revenue; • Complete a ‘rates questionnaire’ compiled by the OAG*, to confirm whether rates have been correctly set; and • Review the meeting minutes recording the adoption of the rates resolution, to ensure the rates are in accordance with the Revenue and Financing Policy as well as reviewing any other information available with regards to rates; • Complete analytical procedures by developing expectations based on our knowledge of the sector and key performance measures; and • Assess the impact of any changes to revenue recognition policies. <p><i>*Please note that the completion of the ‘rates questionnaire’ is not a legal exercise but aims to provide us with some indication of the rates setting processes being used by the Council. We remind Council that the overall responsibility for the compliance of rates rests with the Councillors.</i></p>



Areas of audit focus (cont.)

Area of audit focus	Our approach
<p>Statement of Service Performance</p> <p>The Council's Annual Report is required to include an audited Statement of Service Performance (SSP) which reports against the performance framework included in the annual plan/long-term plan. This is in line with the requirements of <i>PBE FR 48 Service Performance Reporting</i>.</p> <p>The SSP is an important part of Council's annual performance reporting, and it is important it adequately "tells the performance story" for each group of activities.</p> <p>Our audit opinion considers whether the service performance information:</p> <ul style="list-style-type: none"> • Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results; and • Fairly reflects actual service performance for the year (i.e. not just reports against forecast). 	<p>We plan to:</p> <ul style="list-style-type: none"> • Review Council's SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the Annual Plan; • Audit a sample of the reported performance measures, with a focus on the more significant groups of activities; • Review the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. "tells the performance story".
<p>ESG and Climate Change</p> <p>Matters related to climate and the broader Environment, Social and Governance (ESG) landscape are rapidly evolving. Stakeholders are increasingly asking entities to provide transparent disclosures about climate-related risks, and the New Zealand Government is taking action to reduce our emissions profile which over time will impact most entities.</p> <p>ESG and climate related matters will likely create physical and transitional risks and opportunities for the Council and these matters could lead to potential impacts on the financial statements.</p>	<p>As part of the audit process, we will consider ESG and climate-related risks and their potential impact on the Council's financial statements. We will consider the Council's consideration of ESG and climate risks and tailor our audit approach as required.</p>



Areas of audit focus (cont.)

Matters raised by the Office of the Auditor General

Area of audit focus	Our approach
<p>Effectiveness, efficiency, waste and probity</p> <p>Good practice involves the establishment of policies and controls to ensure that expenses have a justifiable business purpose; preserve impartiality; have been made with integrity; are moderate and conservative; have regard to the circumstances; have been made transparently; and are appropriate in all respects. A copy of these guides, including recently updated guidance on sensitive expenditure, are accessible here: https://oag.parliament.nz/good-practice/good-practice-guides</p>	<p>We are required to remain alert for issues of effectiveness and efficiency, waste, and a lack of probity or financial prudence throughout the audit. We also plan to:</p> <ul style="list-style-type: none"> Assess policies and procedures in place for expenses and procurement processes, and Test a sample of expenses for appropriateness against good practice and other guidance issued as relevant for the Council. Our tests will focus primarily on sensitive expenditure such as key management personnel and Councillors pay, travel and expenses; large contract tenders; related party transactions.
<p>Government reviews and proposals</p> <p>There continues to be change in the sector with newly introduced or changes to regulatory requirements (new and updated national policy statements) in place or proposed and other areas being considered by the Government. This constant change makes it challenging for councils to plan ahead, particularly because of uncertainties of regulatory settings and the significant cost implications of these changes.</p>	<p>As part of our audit process we will:</p> <ul style="list-style-type: none"> Continue to follow up and discuss with management on the impact of these initiatives to the Group, where necessary, will consider them within our audit approach; and Maintain close communication with the Office of the Auditor-General, if there are any other areas that requires further consideration.



A continued focus on the Council’s control environment

We continued to increase our focus on internal controls as a core element of our audit as a strong control environment is core to both reliable financial reporting and business resilience

The economic environment is challenging. Increasing operational, regulatory and financial complexity, renders businesses more exposed than ever to fraud and error. In addition, reflecting macroeconomic volatility - management teams are having to identify and respond to new risks more frequently than ever before.

As a result, stakeholders globally, not just the financial markets and regulators but also government and wider society, are expecting higher standards of corporate and financial governance.

In today’s economic climate, it is critical for a company to be able to effectively identify and then respond to risks and challenges on a timely basis. Strong governance and control are essential in this regard.

Robust processes and controls are fundamental to financial resilience, with internal controls being the foundation that enables a company to protect itself and build stakeholder trust and confidence.

When designed and implemented appropriately, a robust internal control environment:

- Reduces risk** through fraud and error prevention and detection, safeguarding of company assets and ensuring compliance with laws and regulations
- Increases financial resilience** by enabling transparency, accountability, viability and increased reliability and integrity of financial information; and
- Optimises returns** by establishing a foundation to support growth, including easier access to markets and funding.



We continue to elevate the transparency of our evaluation of your control environment and thematic observations on where strengthening would support business resilience and financial reporting reliability.

An effective, robust control environment is particularly important in times of uncertainty, where risks arise, and the company needs to identify them quickly and respond confidently.

Key information and data that is reliable and accurate is integral for decision-makers for analysis and evaluation in real-time, allowing companies to achieve its commercial objectives with a grounded understanding of the risks associated with its decisions.



A focus on your internal control activities

Dashboard of our planned internal controls approach to key processes

We outline below our planned approach for testing controls over key process. The results of this testing may influence the scope of our substantive testing.

Key process	Planned Approach	Key matters for Committee consideration
Revenue		In reviewing these business cycles, we will apply a structured design and implementation testing methodology. This approach will enable us to gain a comprehensive understanding of the business cycle and any changes that have occurred during the current year.
Financial reporting		We will conduct walkthroughs of the key business cycles, including testing the design and implementation of all relevant controls identified.
Fixed assets		Additionally, we follow up on any control deficiencies identified in the prior year to confirm whether they have been appropriately addressed. The control deficiencies identified in the prior year are:
Payroll		<ul style="list-style-type: none"> • Payments through online banking -the two non-management role personnel are able to approve and release payments on the banking application, without management's approval or oversight. • Policies overdue for review • Sensitive expenditure- Timeliness and appropriateness of expense claims • Timeliness of fixed asset register maintenance and review • Rooding Valuation – Found Assets
Expenditure		<ul style="list-style-type: none"> • Loan Receivable Recoverability - Ōtorohanga Kiwi House • Errors identified within liability testing

Types of controls tested

- Manual controls
- Automated controls

Controls approach planned

- Evaluate whether relevant control is designed and implemented to address risk appropriately
- Planning to test if controls were operating effectively and can be relied upon
- IT specialists testing automated controls



Technical update



Developments in financial reporting

Public benefit entities

The following table provides a high-level summary of the major new accounting standards, interpretations and amendments that are relevant to the Group. A full list of the standards on issue but not yet effective is released quarterly and is available here: https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top_accounting-alert

Major new standard, interpretation or amendment	Effective date (periods beginning on or after)
2024 Omnibus Amendments to PBE Standards (Amendments to PBE IAS 12 and PBE IPSAS 1)	1 January 2024/1 January 2026
Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17)	1 January 2026
PBE Conceptual Framework Update	1 January 2028

Early implementation efforts recommended

Early effort to consider the implementation of these standards is recommended in order to provide stakeholders with timely and decision-useful information. Implementation steps are outlined opposite.

Steps for implementation
Determine extent of impact & develop implementation plan
Monitor progress and take action where milestones are not met
Identify required changes to systems, processes, and internal controls
Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



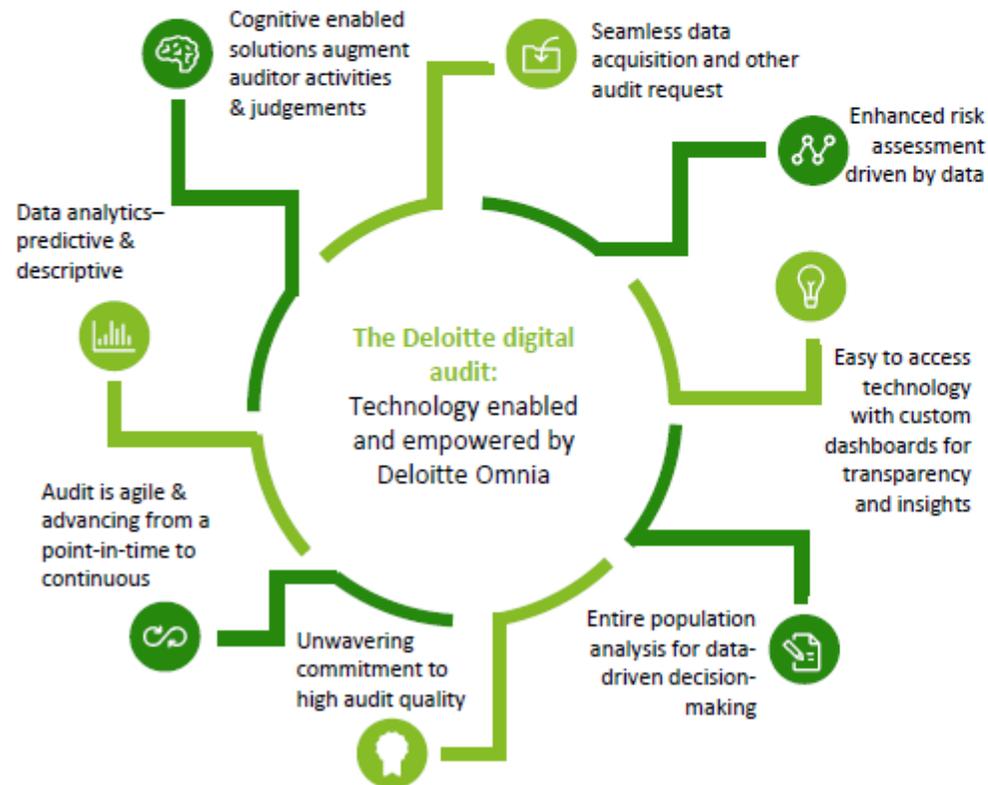
Technical Innovation



Our next-generation audit platform



Deloitte Omnia

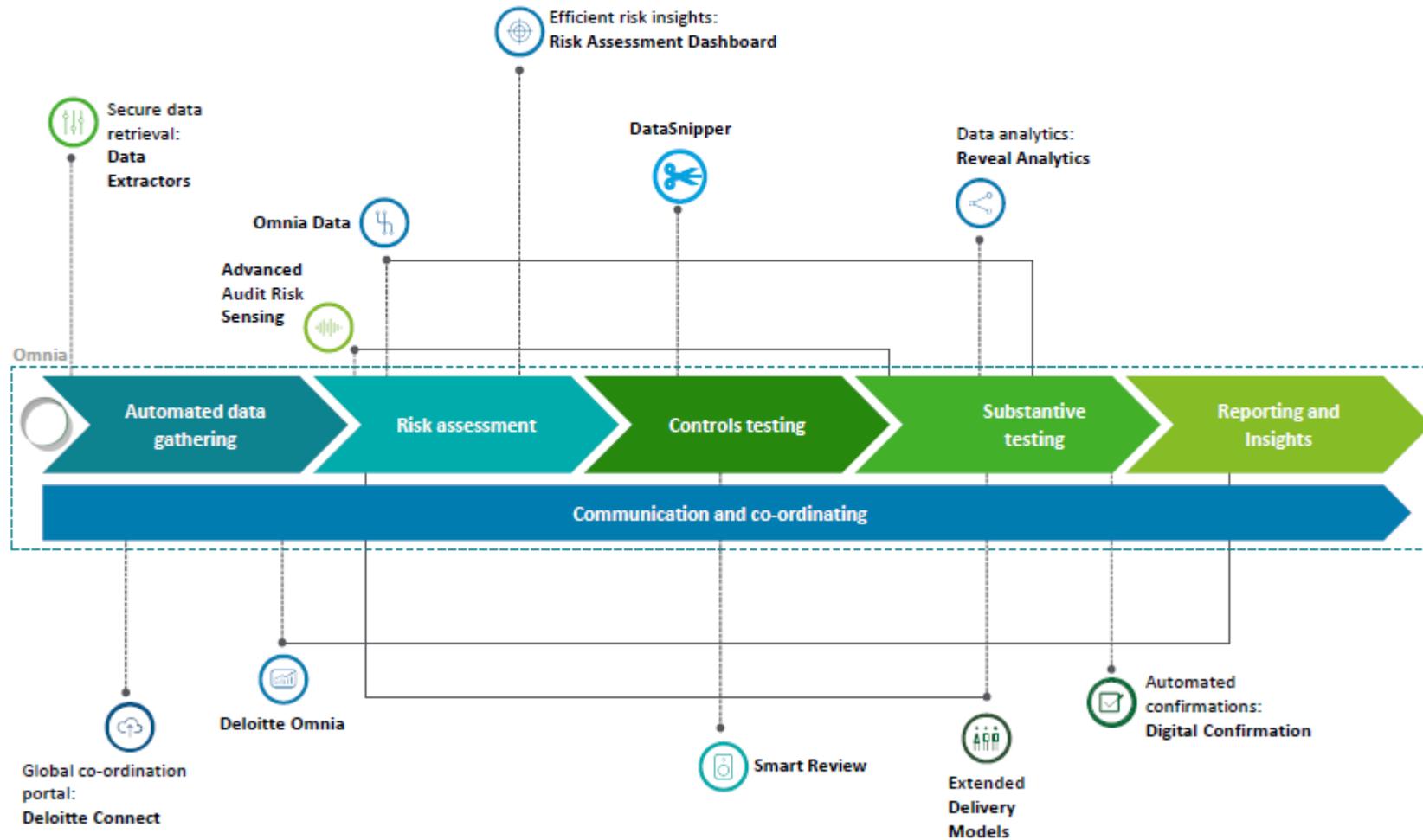


Deloitte Omnia is our new digitally-enabled Audit platform bringing all our audit tools into one place and setting the stage for advanced analytics and AI which over time will allow us to improve efficiency and bring better insights to you through:





How Digital Change impacts the Deloitte Way



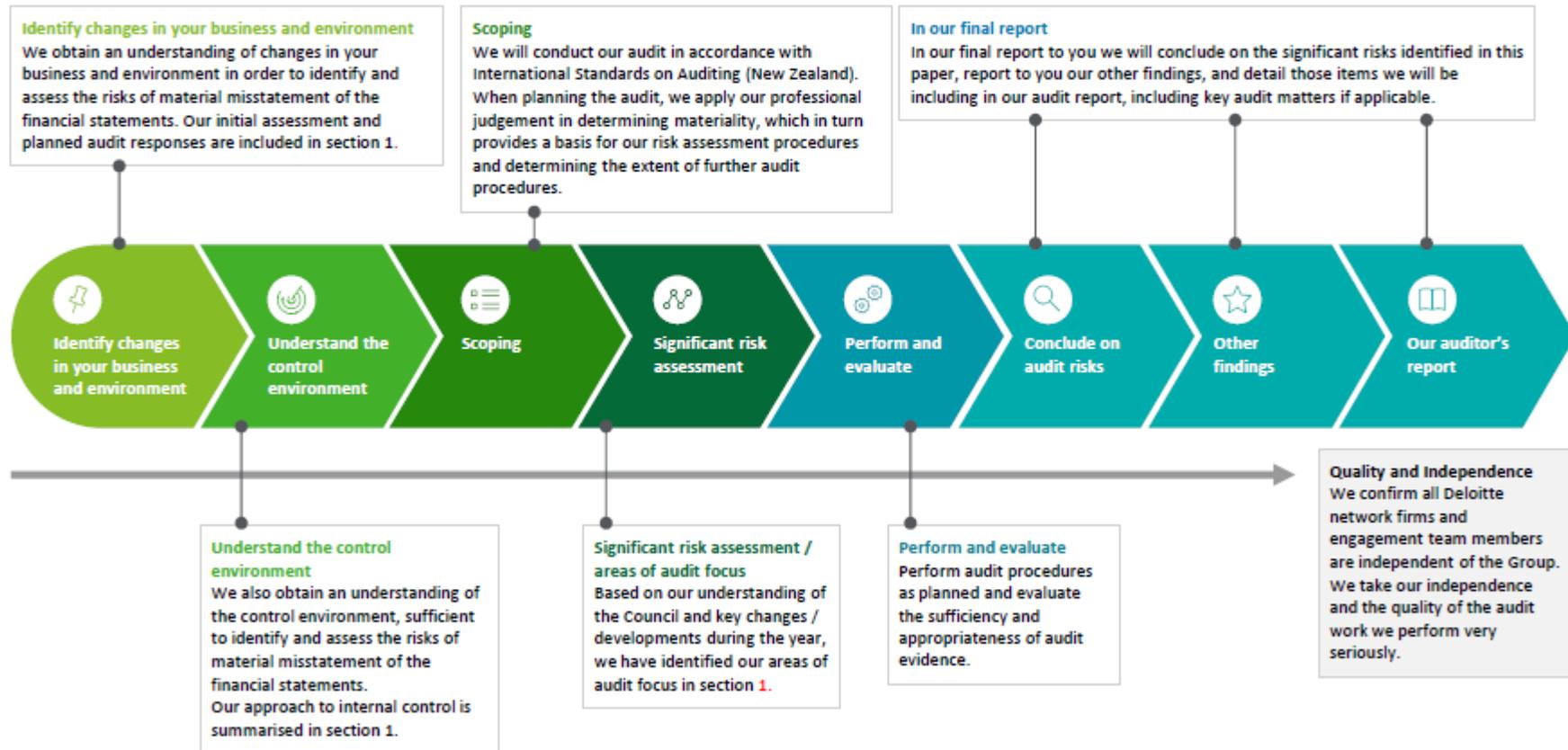


Appendices



Our audit explained

We tailor our audit to your business and your strategy





Materiality

Our approach to materiality

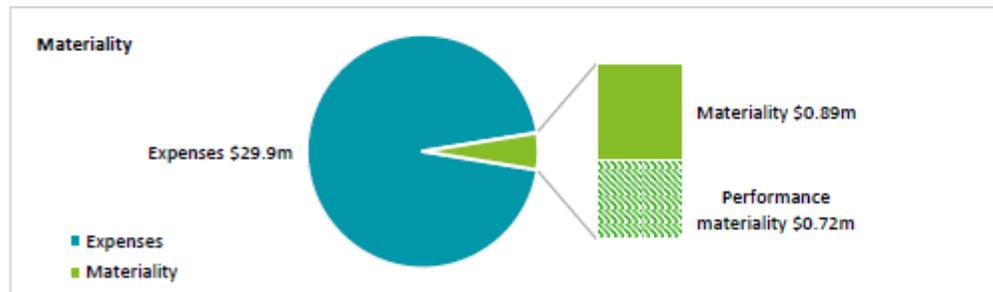
Establishing an appropriate materiality level

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our quantitative materiality for the 2026 audit will be based on expected expenditure in line with prior periods as this is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those statements.

Separate materiality considerations will be made for the testing of non-financial performance measures included in the statement of service performance. The level of materiality will be determined based on the quantitative and qualitative characteristics of the performance measure.

The extent of our procedures is not based on materiality alone but also on local considerations of the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.



Although materiality is the judgement of the audit partner, the Audit Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.



Other compliance matters

There are a range of matters we are required to report to you as part of our communications to management and the Councillors.

Related Party Transaction Disclosures

- The Council is required to identify, account and disclose related party relationships and transactions in accordance with the applicable financial reporting framework.
- We will perform procedures to obtain an understanding of the controls, if any, that the Council has established around identifying, accounting for, and disclosing related party relationships and transactions in accordance with the applicable financial reporting framework; as well as the authorisations and approvals process for significant transactions and arrangements with related parties or those outside the normal course of business.
- We will also identify and assess the risks of material misstatement associated with related party relationships and transactions, including determining whether any of those risks are fraud or significant risks, and design and perform further audit procedures to obtain sufficient appropriate audit evidence.

Compliance with Laws and Regulations

- The Council is also required to ensure that its operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.
- We are required to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to understand its nature, and evaluate the effect on the financial statements.

Fraud Characteristics

- In relation to fraud, the primary responsibility for the prevention and detection of fraud rests with management and the Councillors, including establishing and maintaining internal controls over the reliability of financial reporting.
- We will obtain an understanding of how the Committee exercise oversight of the Council's processes for identifying and responding to the risks of fraud and the internal controls that have been established to mitigate these risks, as well as making enquiries of management and the Committee to determine whether you have knowledge of any actual, suspected or alleged fraud affecting the Council.

Written Representations
We will request a number of written representations in a representation letter, relating to each of these areas, including that appropriate disclosure of all matters has been made to the auditor.



Independence and fees

Fees

The proposed audit fees for the 2026 have been reviewed by the Office of the Auditor General. The Office of the Auditor General is responsible for monitoring audit fees to ensure that fees are based on realistic hours (that is, hours that reflect the nature and extent of work required), an appropriate audit team mix, and charge-out rates that are in line with market rates.

The below fees are outlined within the audit proposals dated 7 May 2025

	CY (\$'000)	PY (\$'000)
Fees payable for the audit of the Council financial statements	203	197
OAG Audit Standards and Quality Support Charge	20	18
Estimated disbursement and technology charge	9	9
Total audit fees for the financial statements	232	224
Other assurance services		
- Trustee Reporting	9	9
Total other assurance services	9	9
Total audit related and other assurance fees	241	233



Prior year unadjusted differences

Financial differences

We take this opportunity to remind you of the unadjusted differences identified in the prior year. Unadjusted differences in the prior year increased profit before tax by \$99k and increased net assets by \$99k. The current year effect of these is summarised below.

	Credit/ (Charge) to the income statement \$'m	Increase/ (Decrease) in net assets \$'m	Increase/ (Decrease) in retained earnings \$'m
Judgemental misstatements			
FY- 2025			
Liabilities for transactions related to the 2026 financial year incorrectly recorded in the 2025 financial year	256	-	(256)
Outstanding debtors not receivable	(157)	-	157
Total	99	-	(99)

We obtained written representations from the Council confirming that after considering all these uncorrected items, both individually and in aggregate, in the context of the consolidated financial statements taken as a whole, no adjustments were required.

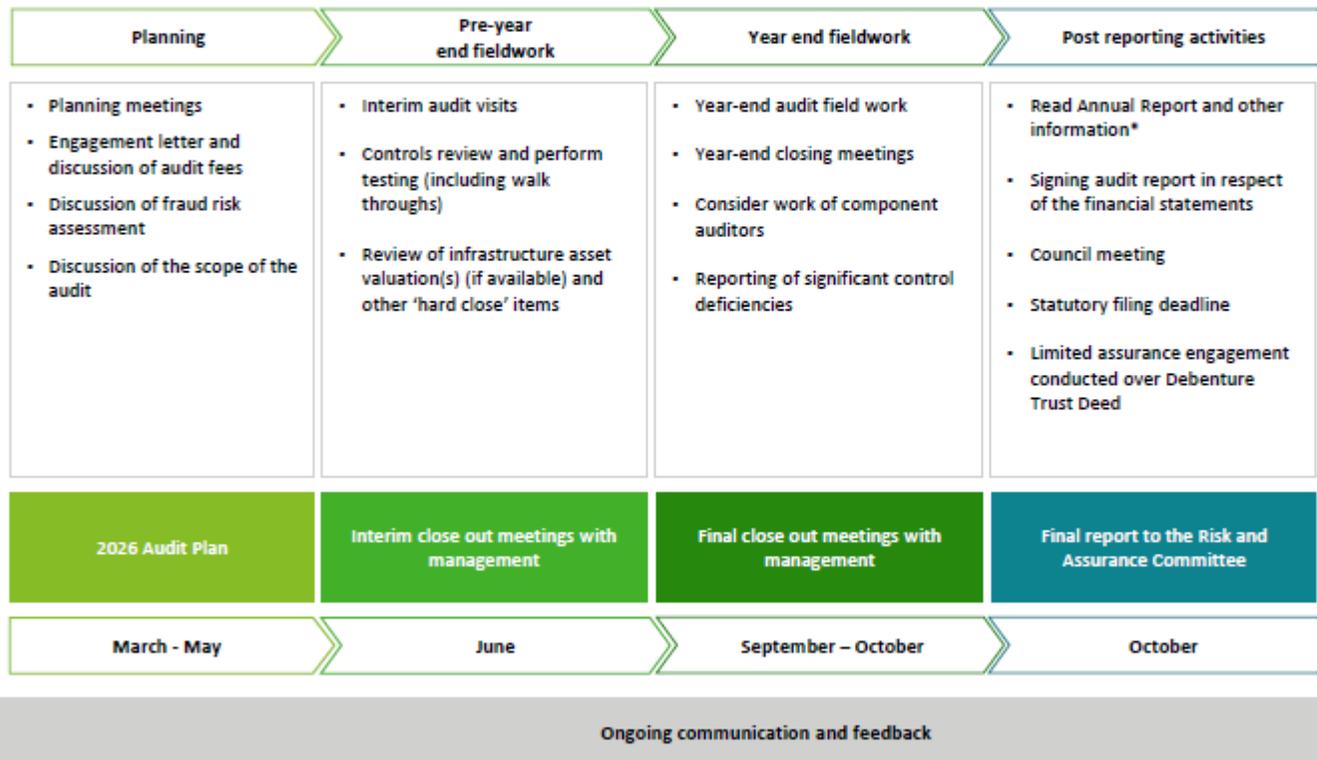
Note: Immaterial balance sheet and income statement reclassifications have not been included in the summary of unadjusted differences



Continuous communication and reporting

Planned timing of the audit

As the audit plan is executed throughout the year, the results will be analysed continuously, and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



In addition to the formal communication plan above, we anticipate ongoing dialogue with the Chairman of the Audit Committee outside of the audit window, to discuss significant audit matters on an ongoing basis and not just at the time of the audit.

* We are required to read the other information to consider if there are any material inconsistencies which we are obliged to report on. We will need sufficient time to perform the review.



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Information only reports**Ngā pūrongo mōhiohio anake**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 2 Health, Safety and Wellbeing quarterly report

To Risk and Assurance Committee

From Noah Lockett-Turton, Manager People and Capability

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To provide an update on progress being made to improve health, safety and wellbeing covering 11 September to 8 February 2026.

2. Executive summary | Whakarāpopoto matua

2.1. In summary, the report outlines the progress to improve health, safety and wellbeing at Ōtorohanga District Council (ŌDC). It highlights the key activities across seven key areas.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled 'Health, Safety and Wellbeing quarterly report' from Noah Lockett-Turton, Manager People and Capability.

4. Discussion | He Kōrerorero

Previous Actions

4.1. There were no previous actions requested by the Committee.

HSW events (accidents, incidents, near misses)

4.2. A total of five incident reports were recorded this period - one near miss and four incidents. Corrective actions have been implemented for all of these to mitigate future risk.

- a) **Incidents:** For one of the incidents, a monitoring plan was put in place until the risk was no longer present. For the other three incidents, reminders were given and, in some cases, this included asking staff to re-read the relevant policy.
- b) **Near Misses:** The risk of a similar near miss happening again has been reduced by putting up signage to remind users.

Risk management

4.3. There have been no new risks identified in the previous quarter.

4.4. The current critical risks are:

- a) Driving on the roads
- b) Aggressive members of the public
- c) Using contractors
- d) Working on/near roads
- e) Working when under the influence of drugs or alcohol
- f) Working over/near water.

4.5. There have been no incidents relating to these risks.

Audits

4.6. Over the last quarter, staff completed 22 of the 27 planned audits, achieving an 81% completion rate.

4.7. High frequency of auditing has continued to lead to corrective actions being resolved promptly.

Training

4.8. 86% of compulsory compliance training has been booked or completed for existing staff. The drop from 100% is due to new starters, who will be scheduled for training over the coming months when it fits their roles. We've also introduced new PPE, which requires staff training, and we're working with the relevant manager to set a time for this to be completed.

4.9. On the 19 November 2025, we ran a CPR/AED training session and hosted Co-Lab. The session went well, and everyone picked up key skills that could help save a life.

Hazardous substances

4.10. No new hazardous substances have been identified.

Contractor management

4.11. The Contractor Approval System/Organisation we use to ensure our contractors meet HSW requirements, have refreshed their system to make it easier for the Councils to identify which contractors have been pre-qualified to undertake work.

Emergency procedures

4.12. A fire evacuation drill was conducted for the Main Office - the evacuation time was a significant improvement from 3 minutes and 6 seconds to 2 minutes and 41 seconds.

4.13. A fire evacuation drill is scheduled for the Main Library in the coming month.

HSW Committee Meetings

4.14. The new Health & Safety Committee has met three times since the last Health, Safety and Wellbeing report.

Other

- 4.15. The HSW Committee undertook an initiative to support wellbeing at the end of last year, with the freshen up of the breakroom. The Committee gave the break room a deep clean and brought some more cutlery, utensils and plates so staff had a nice area to refresh during their breaks.
- 4.16. We have purchased a new Health, Safety and Wellbeing system to help with the administration of HSW within ŌDC. The new system is set to launch in the next quarter and will make it easier for staff to complete necessary steps such as filling in pre-start checks and incident forms.
- 4.17. Ōtorohanga District Council staff, family and friends have entered a team into the Push-Up Challenge in which participants are aiming to do 2,000 push-ups between 5 - 27 February in support of the Mental Health Foundation's push for better mental health in New Zealand. As at 9 February 2026, the team of 25 members have completed 4,644 push-ups.
- 4.18. Over 2025, our Employee Assistance Programme (EAP), Clearhead has completed 16 confidential counselling sessions and four online chat sessions for our staff. With 15% of staff signing in to use the free online resources.

Item 3 Outstanding Debtors Report

To Risk and Assurance Committee

From Brendan O’Callaghan, Manager Finance

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To advise of the value of outstanding rates, water and sundry debtors as at 28 February 2026.

2. Executive summary | Whakarāpopoto matua

2.1. Overall outstanding debts at the end of February 2026 is \$3.9M. Some longstanding rates issues are being progressed well, with progress made in collecting older debts, particularly in the rating area.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee **RECEIVE** the report titled ‘Outstanding Debtors Report’ by Brendan O’Callaghan, Manager Finance.

4. Discussion | He kōrerorero

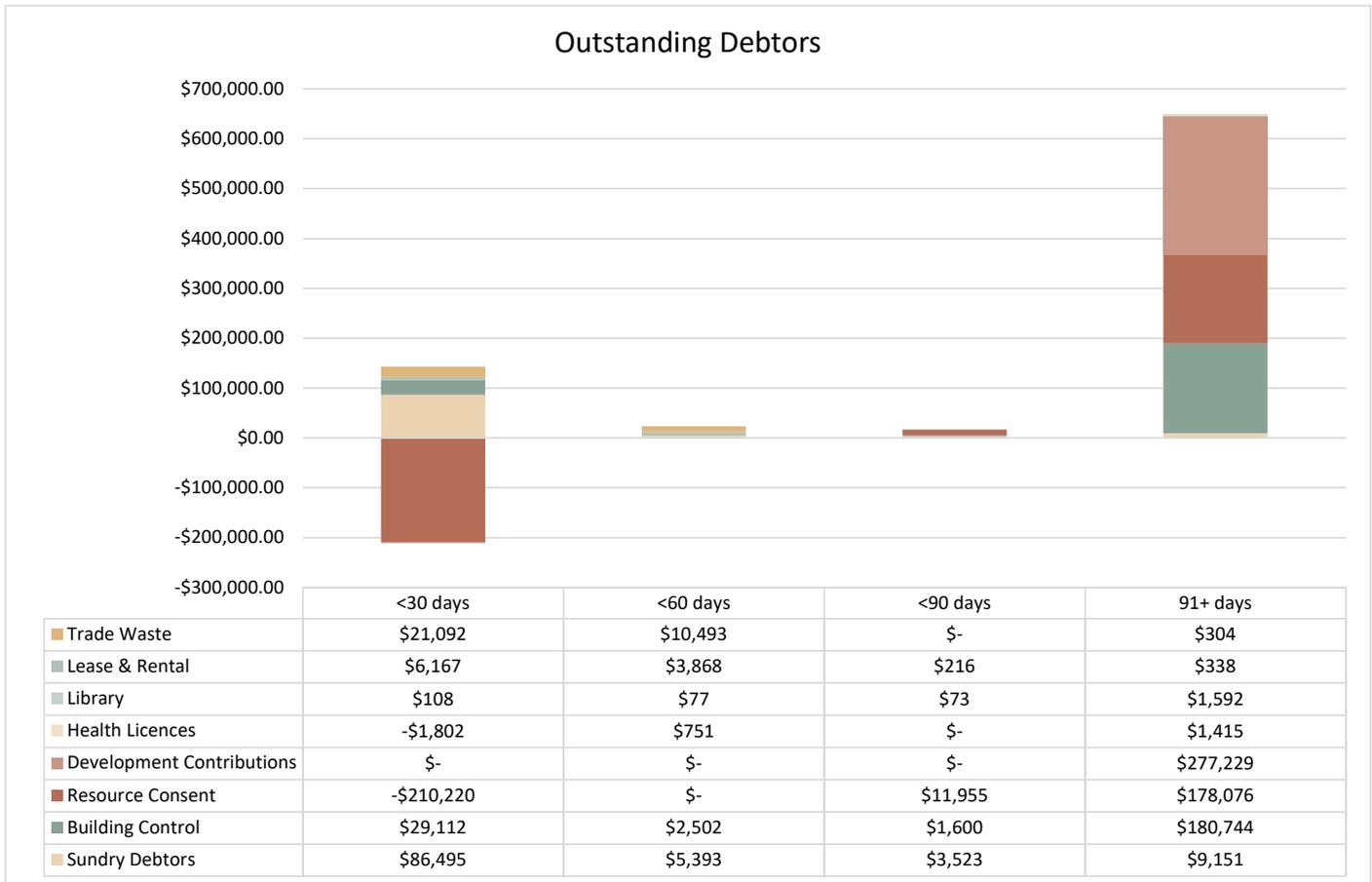
Overall Debtors Information

4.1. Overall debtors across the three debtor types (Debtors, Water and Rates) at the end of February is \$3.9M. This compares to the same period the previous year of \$3.4M. A large portion of this increase relates to rates and water debtors.

Debtors

4.2. This report details the level of debt relating to the following revenue streams:

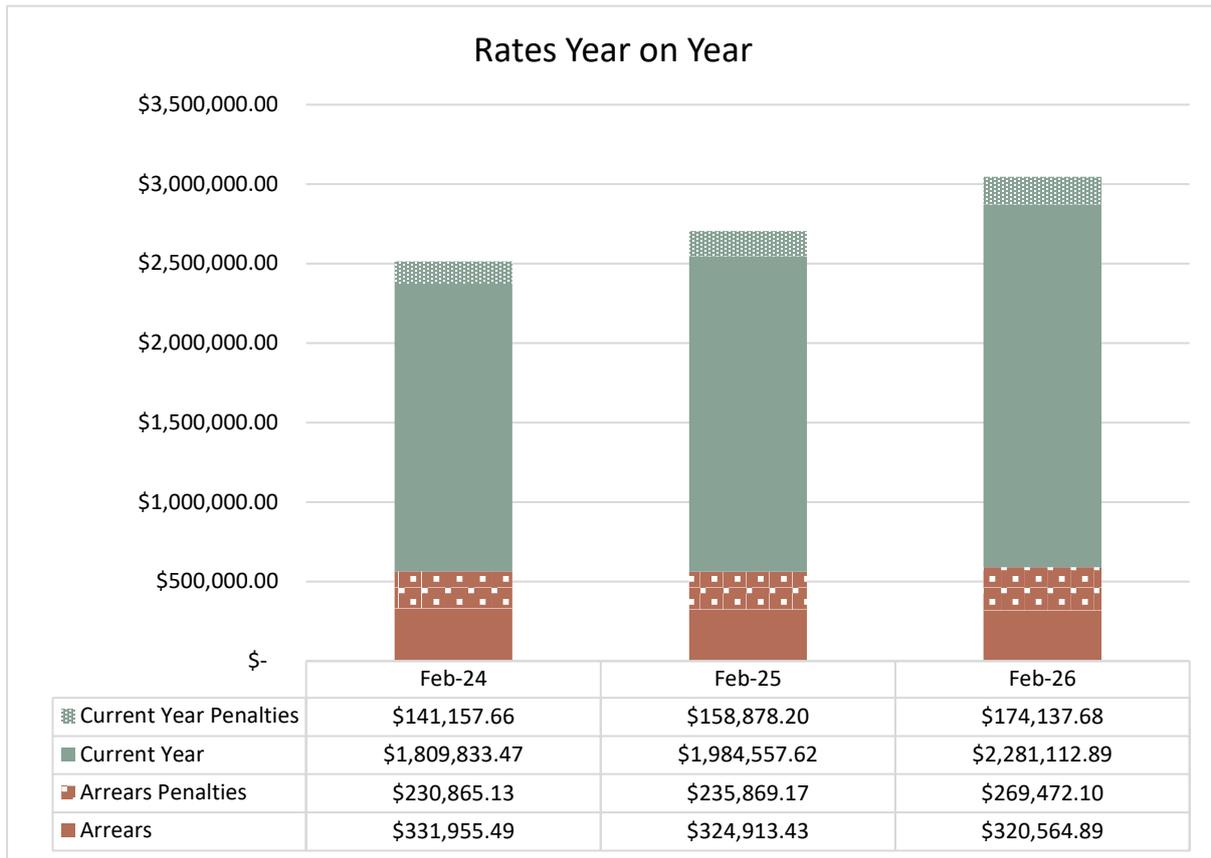
- Trade Waste
- Leases and Rentals
- Library Charges
- Health Licences
- Development Contributions
- Resource Consents
- Building Consents
- Other Sundry Debtors



- 4.3. Overall outstanding debtors to the end of February are \$620k. As seen in the graph above, a large portion of these relate to three areas, Development Contributions, Resource Consents and Building Consents, which make up about 82% of the amount owing (when removing the credit balances above).
- 4.4. The large amount in Building Consents relates to the Waikeria Prison work for stage 1. This relates to the costs of additional inspections and staff time, as all consents have been paid. There is currently some dispute about the amount of these additional charges, so discussion is ongoing.
- 4.5. The Development Contributions and Resource Consent figure relates to the Westridge development, and payment terms are actively being discussed at this time.
- 4.6. The large credit balance for Resource Consents relates to deposits paid for consent where the invoicing is either not yet done (due to the stage of the consent) or any invoicing done to date has not yet reached the level of the deposit paid. These credit balances will in most cases be used by the time the consent invoicing is finalised.

Rates

- 4.7. Overall rates debt has increased from the same time in the prior two years, as can be seen in the graph below.



4.8. The increase in the current year amount outstanding is a reflection of the rates increases in the current year, which was an average of 10.16%. This can mean that people who pay by direct debit or by automatic payment (as opposed to paying on due date) will have higher balances outstanding compared to the same time last year, assuming their payment as a percentage of their rates stays consistent.

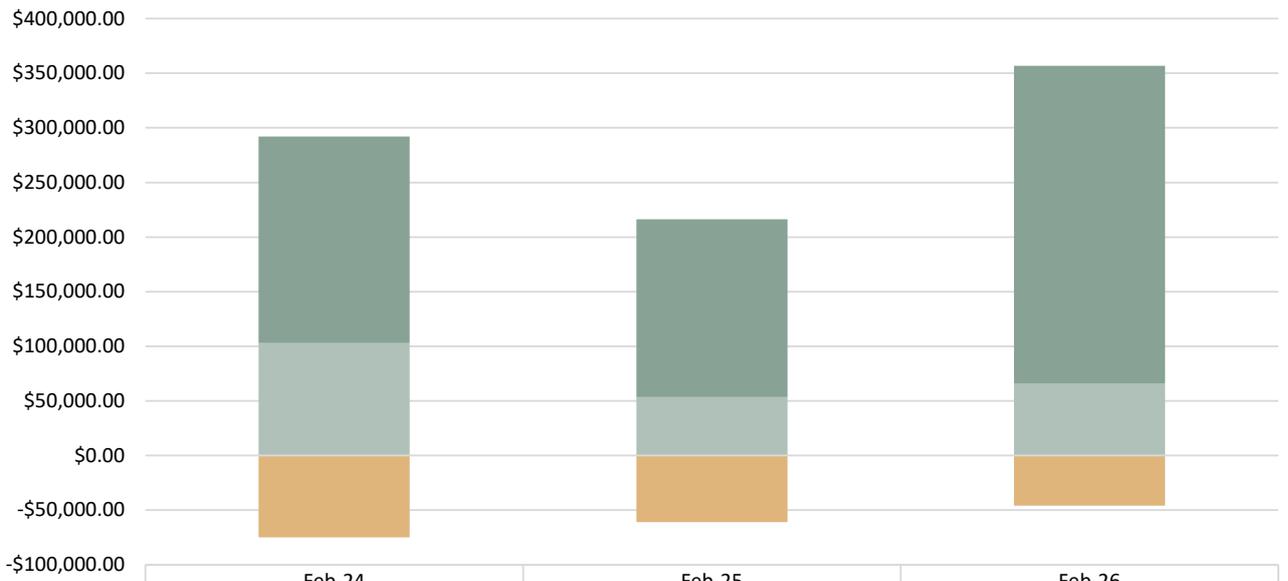
4.9. With regards to arrears, it is pleasing to see that this has decreased from the same time last year, after continuing a similar trend from the previous year. Additionally, plans are underway to undertake an abandoned land sale in the next few months, to recover outstanding rates of approximately \$40k, with some rating sales currently in the process of being explored.

Water

4.10. Overall water debtors at the end of February total \$311k, compared to \$155k at the same time the previous year. A large portion of this increase relates to the <90 days figures. This has been offset by a decrease in people with credit balances in current.

4.11. The increase over the previous year is a combination of increased charges and increased consumption compared to the previous year. There is also increased payments received earlier in the prior year.

Water Rates Year on Year



	Feb-24	Feb-25	Feb-26
91+ days	\$188,914	\$162,727	\$290,818
<90 days	\$103,017	\$53,528	\$65,961
<60 days	\$40	\$90	\$61
Current (<30 days)	-\$74,869	-\$60,951	-\$45,761

Item 4 Outstanding Management Letter Points from 2024/25 Annual Report

To Risk and Assurance Committee

From Brendan O’Callaghan, Manager Finance.

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To update the Committee on the actions and status of actions from the 2024/25 Annual Report audit.

2. Executive summary | Whakarāpopoto matua

2.1. Seven items were identified during the 2024/25 Annual Report audit. Of these, two have been addressed with three still being finalised. The remaining two items were identified as not going to be addressed at this time.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled ‘Outstanding Management Letter Points from 2024/25 Annual Report’ from Brendan O’Callaghan, Manager Finance.

4. Discussion | He kōrerorero

4.1. As part of the audit of the 30 June 2025 Annual Report, our auditors issue an opinion and raised management report recommendations on items that require further action. This report provides management’s response to those recommendations and the latest update on the status of the follow up action.

4.2. This report breaks the management recommendations down into three categories using a traffic light system.

- a) Green items are those that have been addressed since the previous report and should be removed, subject to approval from Deloitte as part of the 2025/26 Annual Report audit.
- b) Orange items are those that are currently being addressed and should be completed in time for the next audit.

4.3. Overall, a total of seven items were identified by Deloitte. Of these, staff believe that three have been addressed, two are in the process of being addressed and two are not likely to be addressed. The items not likely to be addressed are included in the table below. Going forward these will be removed and just listed.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 Items Not to be Addressed				
<p>Payments through online banking</p>	<p>During our testing of the expenses business cycle controls, it was identified that there was a total of four signatories loaded on the online banking application. These four signatories consisted of</p> <ul style="list-style-type: none"> • Group Manager Business Enablement (Management role) • Finance Manager (Management Role) • Finance Accountant (Non-management role) • Finance Officer (Non-management role) <p>Any combination of two signatories has the authority to release payments on the banking application. This means that the two non-</p>	<p>It is recommended that, if possible, a rule be loaded on the banking application, requiring that at least one of the two signatories releasing payments should be management. Otherwise, the Council should consider detailing in its policies that one of these signatories should be that of management.</p> <p>This should also be coupled with extracting an approval report from the online banking system (if available), indicating the signatories on the transaction so a monthly or quarterly review of this report can be performed to ensure that at least one management role personnel</p>	<p>While we understand the recommendation, there is currently no easy way to implement either the signatory requirements or reporting through our current on-line banking. If this becomes possible in the future, then we will look to implement these recommendations.</p>	<p>Given that there is no option to implement either of the suggestions, there is nothing to do to address this issue at present.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 Items Not to be Addressed				
	<p>management role personnel are able to approve and release payments on the banking application, without management’s approval or oversight.</p>	<p>was a signatory on each transaction.</p>		
<p>Roading Valuation – Found Assets</p>	<p>The revaluation of roading assets has been considered a significant risk to the audit given the level of judgements and assumptions that are being applied. The change in valuation is considered to have a material impact to the council. This year through the roading valuation and associated peer review completed, there were ‘found assets’, which are assets that have existed but have never been recorded on the fixed asset register for various reasons.</p>	<p>We acknowledge that many of these found assets are the result of data quality improvement. However, it is important that the Council actively seeks to locate and record these assets on an on-going basis, rather than limiting this activity to revaluation periods</p>	<p>We acknowledge that the recommendation is valid, but a large number of these changes have been identified and processed long before the revaluation process, as part of on-going data improvement projects. The issue is that identifying these for audit purposes only comes up at the time of the revaluation.</p>	<p>Given that constant review of the roading network is happening all the time, there is not believed to be anything required to meet this recommendation.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 Items Not to be Addressed				
	<p>We acknowledge that many of these identified assets are the result of data quality improvement. However, it is important that the Council actively seeks to locate and record these assets on an on-going basis, rather than limiting this activity to revaluation periods</p>			

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
<p> Items Completed Since last report (subject to Deloitte sign-off)</p>				
<p>Sensitive Expenditure</p>	<p>During our review of sensitive expenditure and credit card testing, we identified some instances where expenses of the process of submitting them was outside of Council’s policy and not in line with our expectation.</p> <p>These related to the following:</p> <ul style="list-style-type: none"> • An expense claim submitted in the financial year related to the 2024 financial year. • A single expense for a night’s accommodation in Queenstown that may have been perceived as excessive • The late submission of expenses for one of the councillors 	<p>We recommend that a timeframe for expense claim submission is established within Council’s policies. It would generally be expected for an expense claim to be submitted no later than one month after that expense has been incurred.</p> <p>For accommodation spend whilst we understand that there may be mitigating circumstances to the spend being incurred but is important that Council ensure that the principles of the sensitive expenditure policy are adhered to.</p>	<p>We agree with the finding. There is mention of timeframes for claiming in the sensitive expenditure policy. We will reiterate to staff and elected members to ensure they are all aware of their requirements.</p> <p>For accommodation, our policy does outline the need to be mindful of spend, however for last minute things sometimes this is not always possible, but staff should endeavour to do their best to keep spending to the minimum possible.</p>	<p>Staff and elected members have been reminded of the sensitive expenditure policies through staff meetings and induction training respectively. Policies have also been loaded onto the intranet for staff to refer to as required.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
<p> Items Completed Since last report (subject to Deloitte sign-off)</p>				
<p>Maintenance of the Fixed Asset Register</p>	<p>During our testing of the fixed asset controls, the fixed asset register was not maintained and reviewed on a regular basis. The fixed asset systems which consist of AssetFinda and RAMM are only reconciled into MagiQ at year end. It was also identified that MagiQ’s functions are not being fully utilised.</p> <p>When our interim audit was completed prior to year end, the fixed asset register was last reviewed and updated in December 2024. Meaning the FAR was six months behind schedule of monthly reviews.</p>	<p>We recommend that the fixed asset register is reconciled to the general ledger on a regular basis to ensure it is appropriately maintained as well as evidence of review of the reconciliation being retained. We also recommend management use MagiQ’s functions where possible.</p>	<p>We agree with the recommendation and are currently working with our software provider and other contractors to establish the correct GL controls within the assets system to enable this regular review to be undertaken.</p>	<p>We have been working with a contractor to get the GL controls updated within MagiQ and have done some testing on it. This is now allowing us to easily run reconciliation reports and update general ledgers as assets are added/disposed of.</p>
<p>Errors identified within liability testing</p>	<p>As part of our audit procedures on year-end recorded liabilities and unrecorded liabilities (including testing payments made after year-end), we</p>	<p>Deloitte recommends that management closely monitors transactions occurring around year end to ensure that liabilities are recorded in the appropriate accounting</p>	<p>We agree with the recommendation and will work on improving year end processes around</p>	<p>We now have a process in place for identifying prepayments throughout the year to ensure that they are correctly recorded.</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	Items Completed Since last report (subject to Deloitte sign-off)			
	<p>identified several issues. These primarily involved invoices received before year-end that pertained to future periods. Accordingly, recognising these amounts in FY25 is not appropriate. Additionally, we observed that, for one such transaction, a prepayment was recorded at year-end despite the invoice remaining unpaid and classified as a payable.</p>	<p>period. We also suggest that the prepayment account is used only after a payment has been made.</p>	<p>identifying invoices that cover different periods.</p>	

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
 Items in progress				
Policies Overdue Review	<p>During review of policies, it was noted three policies have not been reviewed and approved by the scheduled review date as outlined on each policy.</p> <p>The policies are:</p> <ul style="list-style-type: none"> -Debt Policy: This policy was due for a review in April 2025. -Fraud Policy: This policy was due for review in October 2021 (we note that this has now been reviewed as at the 29 September 2025 meeting). -Procurement Policy: This policy was due for a review in October 2021 (we note that this has now been reviewed as at the 29 July 2025 meeting). 	<p>It is recommended management ensures they are reviewing and adopting policies on a frequent basis, and if any policies exceed the predetermined review date they are updated and amended in a timely manner.</p>	<p>We agree with the finding. This policy was overlooked and will be reviewed in the near future. Processes are also being developed to ensure this issue does not occur with future policy reviews.</p>	<p>The updated debt policy will be brought to the next Risk & Assurance Committee meeting for review and adoption.</p>
Loan Receivable Recoverability	<p>Based on our assessment of the recoverability of the loan to Ōtorohanga Kiwi House, we</p>	<p>Deloitte recommends that management complete a thorough assessment on the</p>	<p>We acknowledge the recommendation, and Council will work on</p>	<p>Given the changes that have occurred at the Kiwi House over the last few months, work on this assessment has not</p>

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
	<p>have observed that the Kiwi House is currently operating as a loss, and there are indications of impairment relating to the loan receivable balance.</p>	<p>recoverability of the loan receivable based on the current economic conditions to appropriately determine if the loan is impaired.</p>	<p>undertaking an assessment of the recoverability of the loan.</p>	<p>progressed, but will be progressed over the next few months.</p> <p>Council resolved at their February meeting to extend the Term of the Loan and Interest Free period by a year to allow OKH to slowly improve their financial position.</p>

Item 5 Mayoral Disaster Relief Fund

To Risk and Assurance Committee

From Kaia King, Manager Governance

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To provide a summary of grants made under the Mayoral Disaster Relief Fund Policy.

2. Executive summary | Whakarāpopoto matua

- 2.1. The Mayoral Disaster Relief Fund can be set up by Ōtorohanga District Council’s Mayor following a significant natural disaster event to provide financial support to those individuals, families, small businesses, community groups and marae adversely affected. The fund is designed to help alleviate hardship where a genuine and immediate need has been demonstrated, particularly where losses are uninsured or under-insured. A fund can only be created for a significant event or associated cluster of events, e.g. Cyclone Gabrielle or the Auckland Severe Weather Event, and every fund has a finite lifespan.
- 2.2. On 14 February 2026, a Local State of Emergency was declared as a result of the significant rainfall and the resulting impact on the Ōtorohanga District. The Mayoral Disaster Relief Fund was established by Mayor Dow on 15 February 2026. Mayor Dow liaised with councils who had previously established a Fund in response to an event.
- 2.3. Under the policy, the decision-making authority for approving applications remains delegated to the Mayor. The Mayoral Disaster Relief Fund Panel was set up as an ‘Advisory Panel’ with the Panel operating to support that delegated decision-making role. The Panel consists of two members of the Risk and Assurance Committee and a Councillor from the Rangiatea Māori ward.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee **RECEIVE** the report titled ‘Mayoral Disaster Relief Fund’.

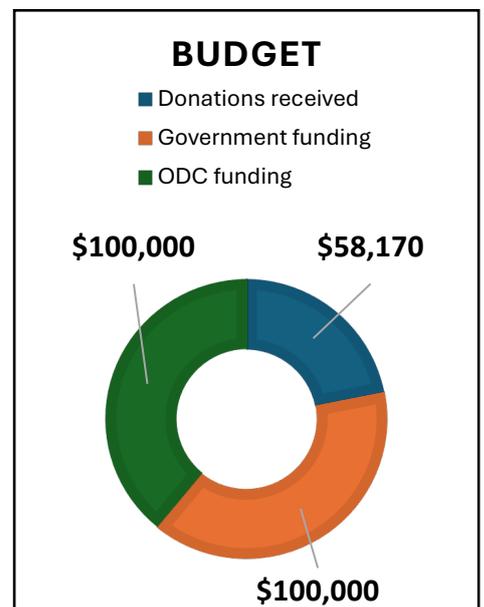
4. Discussion | He kōrerorero

- 4.1. The Mayoral Disaster Relief Fund was established to aid individuals, families, community organisations, small businesses and marae who were adversely affected by the severe weather. The Fund is designed to help alleviate hardship where a genuine and immediate need has been demonstrated, particularly where losses are un-insured or under-insured.

- 4.2. The fund is a last resort measure when other appropriate sources of funding have been exhausted.
- 4.3. Disaster relief funds are not intended to replace other existing funding sources, such as:
 - a) Welfare - eligible costs are funded separately by the Government.
 - b) Infrastructure - the Government will meet some costs of essential infrastructure.
 - c) Insurance or costs covered by other funding sources.
 - d) Other response costs – e.g. 60 percent funded by the Government (above the local authority's threshold) and 40 percent funded by the local authority.

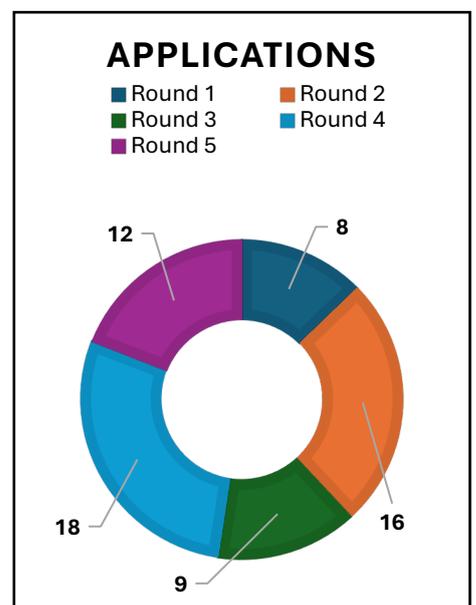
5. Contributions to the Fund

- 5.1. The fund may receive contributions from a range of sources, including the public, community organisations, businesses, ŌDC and central government. All funding is managed with clear accountability, including reporting requirements to ensure transparency and appropriate use of funds.
- 5.2. Contributions to the fund may be made by the public, or other community groups and organisations. The Government (Minister of Emergency Management, together with the Prime Minister or Minister of Finance) have provided a financial contribution which was matched by ŌDC as resolved on 24 February 2026.
- 5.3. The funding provided by the Government needs to be ring-fenced specifically for those affected by the emergency event. After six months, any unspent funds need to be returned to the Crown.



6. Applications received

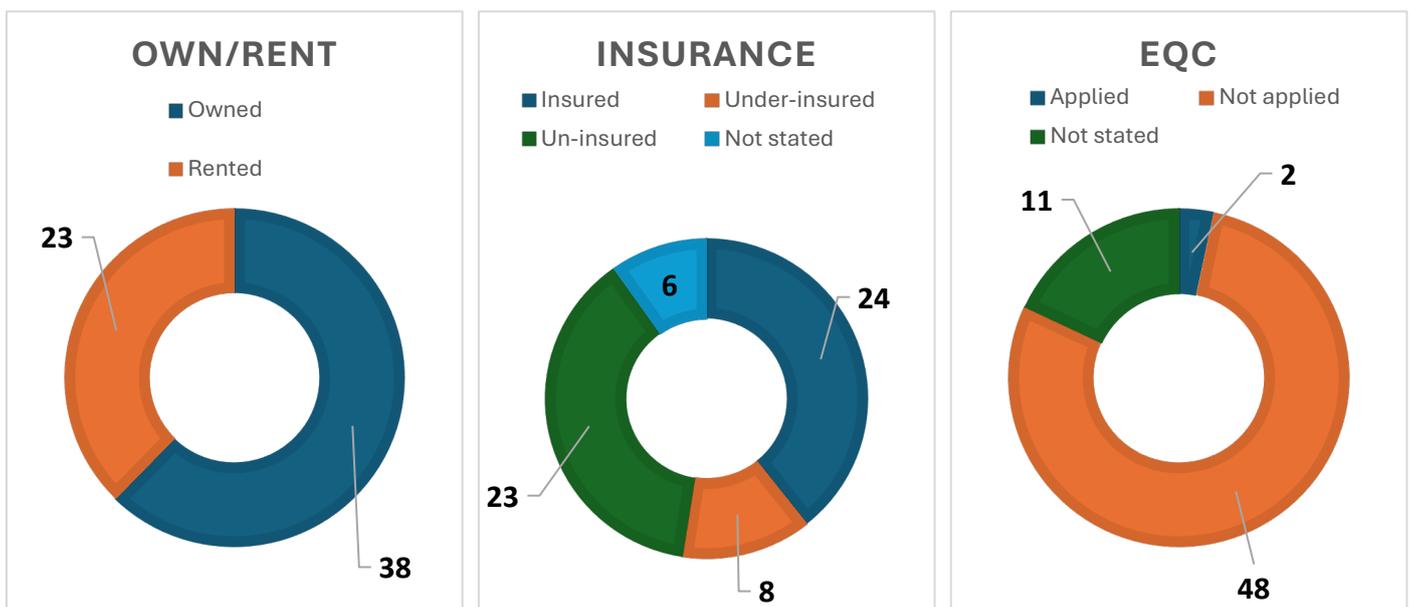
- 6.1. The applications to the Fund predominantly relate to flood- and storm-related damage to homes, essential household items, and uninsured structures, with the majority submitted by individual households.
- 6.2. A significant portion of applications describe loss or damage to basic household goods, including furniture, whiteware, bedding, clothing, and food supplies, often in circumstances where applicants were un-insured or under-insured.
- 6.3. A substantial cohort of applications also relate to yellow- and red-stickered properties, reflecting displacement and immediate hardship following safety assessments.



- 6.4. In accordance with Mayor Dow’s decision, these applications were confirmed by staff and payment made as soon as possible to help alleviate the applicant’s financial concerns.
- 6.5. In addition, a smaller number of applications were received from community organisations and small businesses, seeking assistance for damage to community facilities, equipment, or business premises critical to local service delivery and economic recovery.
- 6.6. Collectively, the applications demonstrate widespread impacts across urban and rural areas of the district, with a strong emphasis on immediate recovery needs, basic living requirements, and essential reinstatement following a qualifying natural disaster event.

7. Insurance coverage

- 7.1. Based on the applications received, the majority relate to owner-occupied properties, with a smaller but significant proportion submitted by renters, particularly in cases involving loss of essential household goods where tenants were uninsured.
- 7.2. Insurance coverage varies widely across applications: many applicants report being uninsured or under-insured, especially for contents, outbuildings, and ancillary structures, while others note that insurance is in place but subject to excesses, exclusions, delays, or declined claims, leaving immediate hardship unmet. A number of applicants indicate that insurance assessments are ongoing or that only partial assistance is available through insurers.
- 7.3. In relation to Natural Hazards Commission (NHC)(formerly EQC), applications show mixed engagement, with some applicants having lodged NHC claims, others reporting ineligibility or declined claims, and several noting that NHC does not apply to the losses experienced (such as contents, uninsured structures, or non-residential assets). Overall, the applications demonstrate that while some applicants have access to insurance or NHC pathways, a substantial proportion face gaps in coverage, contributing to immediate recovery needs and reliance on the Mayoral Disaster Relief Fund for essential support.



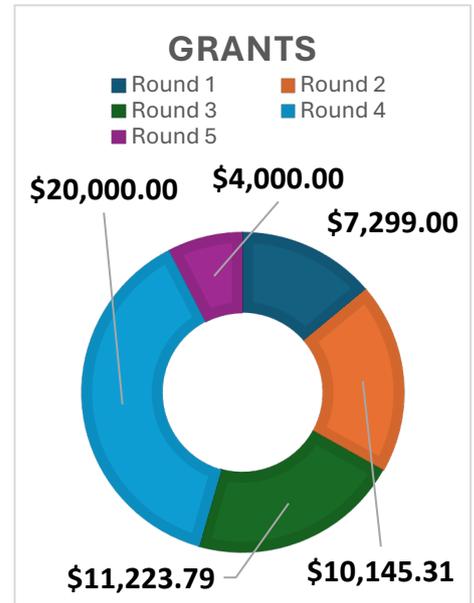
8. Applications automatically processed or reviewed by the Panel as at 15 March 2026

8.1. In summary, across the 53 applications, 16 were automatically granted, 17 were granted after Panel consideration, 17 were deferred pending quotes and 3 were declined.

Total granted: \$52,688.10

8.2. Applications have been processed across multiple funding rounds, with assistance provided for essential household items, insurance excess payments, debris clearance and property-related impacts. Funding decisions are made in accordance with the Mayoral Disaster Relief Fund Policy, ensuring support is targeted, fair and consistent.

8.3. Decision-making authority for the fund sits with the Mayor, supported by a Panel, which assists with assessment, oversight and transparency. Properties that were formally yellow or red-stickered following the event received automatic grants, while all other applications were carefully considered by the Panel on a case-by-case basis. Applications continue to be processed in rounds as required, and applicants are advised directly of outcomes following each Panel meeting.



8.4. There were ten properties from the Kio Kio area that were yellow stickered (indicating restricted access/use); Ōtorohanga six, and Puketotara one property. The one red stickered house was in Ōtorohanga.

8.5. Four applications have been received from previously successful applicants. Of those, two have been granted further funds to alleviate hardship due to a genuine and immediate. Two applications will be assessed in the next Round.

9. Reporting requirements

9.1. There are three reporting requirements for the Fund:

- a) The Group Manager Business Enablement is responsible for providing the Risk and Assurance Committee with a summary of expenditure from the Mayoral Disaster Relief Fund.
- b) The Group Manager Business Enablement must provide a final report on expenditure outlining how funds were spent and the rationale for distributions to ŌDC for transparency. The Resolution made on 24 February 2026 was on the proviso that any money unspent after six months will be returned to the General Reserve Fund.
- c) The Group Manager Business Enablement is responsible for reporting to the National Emergency Management Agency (NEMA) on the use of the Mayoral Disaster Relief Fund monies.

9.2. NEMA requires those local authorities who receive funding to:

- a) Report back on their expenditure within six months of receiving this fund. Any unspent monies must be returned to the Crown.
- b) Provide a high-level report outlining how funds were spent and the rationale.
- c) Engage with NEMA if there are any unspent monies six months after receiving the fund.

10. Mayoral Disaster Relief Fund Policy

10.1. The Policy was adopted in 2024, and this weather event and subsequent establishment of a fund was the first time the Policy was used. Any learnings arising, particularly from the Panel’s evaluation, will be incorporated in the next review of the Policy.

11. Appendices | Ngā āpitihanga

Number	Title
1	Mayoral Disaster Relief Fund Policy



Otorohanga

District Council

POLICY

Mayoral Disaster Relief Fund Policy

Approval and review details

Approval authority	Ōtorohanga District Council	Effective date	23 April 2024
Administrator	Group Manager Business and Administration	Next review date	To be confirmed

Version history

Date	Version	Changes	By	Date Adopted
23 April 2024	1.0	Policy presented for approval	Policy Advisor	23 April 2024

Purpose

The purpose of this policy is to provide guidance on the implementation and management of the Mayoral Disaster Relief Fund.

The Mayoral Disaster Relief Fund can be set up by Council following a significant natural disaster event to provide financial support to those individuals, families, small businesses, community groups and marae adversely affected.

A fund can only be created for a significant event or associated cluster of events, e.g. Cyclone Gabrielle or the Auckland Severe Weather Event, and every fund has a finite lifespan as detailed below.

Contributions to the fund may be made by Council, the public, or other community groups and organisations. The Government (Minister of Emergency Management, together with the Prime Minister or Minister of Finance) may provide a financial contribution per emergency event in a district. The financial contribution will need to be applied for following an emergency event.

The funding provided by the Government needs to be ring-fenced specifically for those affected by the emergency event. After six months, any unspent funds need to be returned to the Crown.

While Council has in place procedures for covering grants, it is desirable to have a specific policy for the Mayoral Disaster Relief Fund. This will provide coverage for all parties connected to the funds and include provisions for monitoring and reporting.

Policy Statement

The key principle of this policy is to financially support affected individuals/families, community organisations, small businesses, and marae during times of hardship caused by a natural disaster event.

In the process of implementing and managing this policy, elected members, Council employees and members of the Mayoral Disaster Relief Fund panel will, at all times, respect the privacy of individuals and communicate in a courteous and professional manner.

Reporting

A schedule of grants made under this policy will be reported to the Risk and Assurance Committee within six months of receiving the contribution.

A high-level report on payments made from the Mayoral Disaster Relief Fund (if a Government grant has been provided), including the purpose of these payments will be provided to the National Emergency Management Agency (NEMA) within six months of receiving the contribution.

Implementation

1. Agreement in principle on the content of the policy has been provided from management and the Risk and Assurance Committee.
2. Following Council approval, implementation of this policy will include:
 - a. Notification to the Mayor and inclusion in future induction processes
 - b. Council officers with delegated authority to set up reporting mechanisms for the Risk and Assurance Committee and NEMA.
 - c. Inclusion of policy requirements in Council processes.

Measurement and review

The effectiveness of the policy shall be measured through feedback from the Risk and Assurance Committee. The policy shall be reviewed at least once every five years, or within 12 months following an event should Council consider a policy review is necessary.

Principles

This policy sets out the criteria, delegations, and responsibilities for administering the Mayoral Disaster Relief Fund.

The Fund will be managed in line with best practice, observing fairness and equity, and to withstand public scrutiny.

All decisions to grant funding from the Fund shall be conducted in accordance with the policy.

All decisions for funding shall be in accordance with the principles as set out in the Auditor General's "*Principles to underpin management by public entities of funding to non-Government organisations*" (*Appendix Two*).

Sufficient records shall be maintained to show that the funds have been expended in accordance with the policy.

Mayoral Disaster Relief Fund Criteria

The Mayoral Disaster Relief Fund may be used to support and meet the needs of affected individuals, families, community organisations, small businesses, and marae. The aim of the fund is to help towards alleviating the emotional and financial stress experienced by the community resulting from a natural disaster event. The fund provides one off assistance for extraordinary circumstances, where a real need can be shown. Each local authority has discretion in setting its own criteria for how the funds are disbursed.

The Mayoral Disaster Relief Fund is intended to financially support affected individuals/families, community organisations, small businesses, and marae:

- experiencing financial hardship caused by a natural disaster event

- with basic needs, household goods and personal items (uninsured or underinsured)
- with clearing debris from properties that are not insured or are underinsured with replacement of structures that are not insured or are underinsured
- by assisting with insurance excess payments

Funds contributed to the Mayoral Disaster Relief Fund must not be used for Council's administrative or business costs.

The fund is a last resort measure when other appropriate sources of funding have been exhausted. Disaster relief funds are not intended to replace other existing funding sources, such as:

- Welfare - eligible costs are funded separately by the Government.
- Infrastructure - the Government will meet some costs of essential infrastructure.
- Insurance or costs covered by other funding sources.
- Other response costs – e.g. 60 percent funded by the Government (above the local authority's threshold) and 40 percent funded by the local authority.

Delegations and Responsibilities

The Mayor will have delegated authority to approve applications to the Mayoral Disaster Relief Fund for grants and financial assistance, within the parameters of the Fund Criteria.

The Mayor is responsible for exercising good judgment in applying the Mayoral Disaster Relief Fund criteria, ensuring that expenditure is appropriate, transparent, and appropriate monitoring processes are in place.

The Group Manager Business Enablement is responsible for providing the Risk and Assurance Committee with a summary of expenditure from the Mayoral Disaster Relief Fund.

The Group Manager Business Enablement is responsible for reporting to the National Emergency Management Agency on the use of the Mayoral Disaster Relief Fund (if funds have been provided by the Government).

Delegations to the Mayor for the establishment and management of a Disaster Relief Fund.

1. To announce the establishment of a fund and invite applications
2. To form a panel to assist with the decision making and oversight of the distribution of funds from the Mayoral Disaster Relief Fund
3. To determine the level of funding per application when setting up a Mayoral Disaster Relief Fund
4. To receive written applications based on the funding criteria and make a decision on whether to allocate funds
5. To approve a final report on expenditure outlining how funds were spent and the rationale for distributions

Application Process for the Fund

Applications for the Mayoral Disaster Relief Fund must be in writing, on an approved application form submitted electronically through:

- Council's website, or
- emailed to Customer Services, or
- posted to Council's postal address or
- handed over the counter at one of Council's offices or public libraries.

Applications will remain open for a set period of time after a significant event as determined by the Mayor.

Decisions on Funding

The Mayor will assess written applications based on the funding criteria and make a decision on whether to allocate funds. Advice may be sought from Council officers and sign-off is required from the Group Manager Business Enablement.

The Mayor will choose to determine the level of funding per application when setting up a Mayoral Disaster Relief Fund after a specific natural disaster event.

The Mayor will form a panel to assist with the decision making and oversight on the distribution of funds from the Mayoral Disaster Relief Fund. Members of the panel will be appointed at the Mayor's discretion. Meetings to determine the allocation of funding will be minuted.

Applicants will be advised in writing of the decision relating to their application.

Council contribution to the Funds in excess of the annual budget is unbudgeted expenditure and requires Council approval.

Conditions of Receiving a Mayoral Disaster Relief Fund Grant

All grants provided must be used for the purpose for which they were given.

Recipients of a Mayoral Disaster Relief Fund grant may be required to meet certain conditions and provide supporting documentation to substantiate their claim.

Appendix One: Government Policy Guidelines

The Minister for Emergency Management, together with the Prime Minister and Minister of Finance, may authorise a contribution of up to \$100,000 (GST exclusive) per event. Government contributions above \$100,000 (GST exclusive) per event will require Cabinet approval. As of April 2022, all contributions are announced as GST exclusive amounts.

Once you receive or are made aware of a Relief Fund contribution

1. Your local authority/CDEM Group will receive a letter from the Director of Civil Defence Emergency Management, detailing the contribution amount and instructions on how to receive funds.
2. You will then be asked to prepare and submit a tax invoice to the Department of the Prime Minister and Cabinet (DPMC) for the contribution amount, plus GST.
3. To receive Government contribution to Relief Funds, local authorities/CDEM Groups are asked to set up a Relief Fund, publicise this and create a committee to oversee fund spending.
4. DPMC will make the payment to the local authority/CDEM Group after receiving the appropriate authorisation from joint Ministers or Cabinet (depending on the value of the contribution) and a tax invoice.

Provide a report on their Relief Fund spending

To enable NEMA to understand local authorities' needs after an emergency and meet obligations regarding taxpayers' funds, local authorities who receive funding are asked to:

1. Report back on their expenditure within six months of receiving this fund. Any unspent monies must be returned to the Crown.
2. Provide a high-level report outlining how funds were spent and the rationale.
3. Engage with NEMA if there are any unspent monies six months after receiving the fund.

Appendix Two: Principles to underpin management by public entities of funding to non-Government organisations

The Auditor-General expects public entities to show that they have entered into and managed funding arrangements with NGOs according to the following principles:

- **Lawfulness:** Have activities, resourcing, and accountability requirements been undertaken within the authority granted by Parliament?
- **Accountability:** Have public entities given full and accurate accounts of their activities? Are governance and management arrangements suitable to address any concerns?
- **Openness (transparency):** Is the nature of the funding arrangement, and the way in which it was entered into, clear to all parties?
- **Value for money:** Are resources used effectively and efficiently, without waste, and in a way that optimises the public benefit?
- **Fairness and Integrity:** Are public entities and NGOs that are involved in funding arrangements together meeting Parliament's and the public's expectations of an appropriate standard of behaviour in the public sector?

<https://oag.parliament.nz/2006/funding-ngos/part1>.

Item 6 Capital Projects Report for the Month Ending 28 February 2026

To Risk and Assurance Committee

From Mark Lewis, Gorup Manager Engineering & Assets

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

- 1.1. To provide assurance on the delivery of the capital projects programme, outline any material risks that may affect the programme and how the risks are mitigated for the 25/26 financial year. The threshold for this report is projects valued over \$500,000 or where there may be a high level of public interest.

Risk assessment

This report uses a Red–Amber–Green (RAG) risk assessment to provide the reader with a quick, intuitive understanding of project status and key risks. The RAG framework highlights areas of concern by categorising issues as

- a) Red (Significant delivery and/or financial risk to Ōtorohanga District Council (ŌDC)),
- b) Amber (Moderate delivery and/or financial risk to ŌDC), or
- c) Green (Low delivery and/or financial risk to ŌDC).

By applying this visual and standardised approach throughout the report, readers can rapidly identify priorities, understand the level of risk associated with each component, and focus attention on areas that may impact project delivery, performance, or decision-making.

2. Executive summary | Whakarāpopoto matua

- 2.1. The planned Capital programme’s overall status has been assessed as Amber.
- 2.2. This is due to one Red-rated risk and several Amber-rated risks currently impacting delivery confidence. These elevated risks if left unmitigated have the potential to impact ŌDC financially. While all other aspects of the programme are tracking well and would otherwise support a Green overall status, the combined significance of the Red and Amber risks necessitates an uplift to Amber at this time.
- 2.3. The February weather event has added an additional number of repair works to the capital programme to estimated \$4.5 million at this time, with the majority, \$3.7 million of that in roading repairs.
- 2.4. The land transport (roading) budgets have increased over the 25/26 financial year with the early weather events and additional funding to the roading programme. An additional spend of almost \$8 million this financial year is required. This is discussed later in the report.

- 2.5. The roading programme was progressing well and on track with a Green-rated risk at the end of January, this has now moved into Amber with the February storm event and the risks associated with fuel supply disruption for NZ.
- 2.6. Additional NZTA funding for 2025/26 and 2026/27 is pleasing and will enable further work to be completed on the network which will reduce the fully rate funded project costs.
- 2.7. 3 waters capital delivery program came through the weather event unscathed and is on track with Green-rated risk at this time. There may be some changes in material costs but considered this minor at this time.
- 2.8. The Otorohanga Water Treatment Plant weir condition assessment has been reviewed and there is a significant cost to repair, this places this asset into Amber-rated risk status and will form part of the next long-term plan.
- 2.9. Several of Otorohanga Community Facilities were affected by flood water during the February weather event with an estimated cost of repairs circa \$450K.
- 2.10. The Kawhia and Aotea coastal structures present the only Red-rated risk as there continues to be deterioration on the Aotea Seawall with insufficient information and direction on the required investment into coastal seawalls and how long-term funding will be allocated to the ongoing maintenance.

Overall Programme

Risk	Mitigation	Status
Failure to deliver the 2024-2027 Capital Project Programme	Strengthen programme governance, monitor performance closely, address delivery constraints early, ensure adequate resourcing and supplier management, and escalate emerging issues promptly to maintain delivery confidence.	Amber
Fuel supply disruption	Monitor the situation as it unfolds, cost of materials will increase which will be passed onto ŌDC, balance cost of delays against cost of continuing and having large backlogs in the future.	Amber
Increase in unplanned emergency works will delay the planned capital programme	Monitor the delivery of projects, some deferrals may be considered if unable to meet demand for resources within the district.	Amber

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee **RECEIVE** the report titled ‘Capital Projects Report for the Month Ending 28 February 2026 (document number 743584) from Mark Lewis, Group Manager Engineering and Assets.

4. Land Transport (Roading)

- 4.1. The Otorohanga District suffered moderate damage over the network as a result of the July and October 2025 storm events with multiple slips and washouts requiring emergency works. Additional funding was sort from NZTA of \$2.6 million of which \$1.0 million is funded at our standard 63% Funding Assistance rate (FAR) and the remaining \$1.6 million at an enhanced 83% funding assistance rate.
- 4.2. The repairs were being carried and almost completed prior to the February weather event. Fortunately, that repair work has was not undone in the February weather event given the isolated pattern of that event over the district.
- 4.3. Two examples of dropouts on the network from October.



- 4.4. The 13/14 February 2026 weather event has caused further damage to the network with multiple minor issues from slips and dropouts which closed several roads, up to more moderate damage to bridge abutments on several bridges to significant damage of two main sites of Ōtewā Road, where a large over slip and dropout combined in one section of the road through the Ōtewā gorge, and the loss of a bridge on Mangati Road.



- 4.5. The roading contractors worked tirelessly though the weather event and weeks subsequent to restore roads for use and staff have collated the estimated cost of damage to date of approximately \$3.7 million, with this number getting more accurate as the scale of the damage is assessed.

- 4.6. Given that we are still reacting from the October and July events our funding assistance rate will remain at 83% from NZTA which reduces the cost of repairs significantly for ŌDC. However, with the extra spend ŌDC is having to draw on roading reserve budgets to fund the additional local share, even at the reduced rate.
- 4.7. Reseals were progressing well with an expected 37.8kms to be completed this construction season, however, it is likely only 60% of the work will now be completed, as several of the sites are affected by storm damage and now it is Autumn, staff cannot be confident of good sealing weather. Added to this the fuel supply disruption the country is now facing staff are watching the cost of bitumen closely.
- 4.8. Although the cost of materials may impact delivery, ŌDC have to balance this against deferring work and the pressure to deliver further work in the 26/27 year. This moves the reseal programme into an Amber-rated risk level.
- 4.9. Thankfully the \$1.4 million assigned to road rehabilitation (Rehabs) work is completed and was not affected by the weather event. A total of 2.7km completed on Old Te Kuti Road and 1 km completed on Ngaroma road.
- 4.10. Additional funding was sort from NZTA as more funds became available nationally, with Ōtorohanga securing \$1.5 million. This will be used for resilience work on the network, the rehabilitation of the Kio Kio Station Road level crossing and to fund the schools speed limit signs. The additional funding has meant that some the work that was previously going to be funded from reserves is now going to be co-funded from NZTA. This programme and funding remain unchanged.
- 4.11. The current risks in the roading area are the completion of the reseal program of which is looking less likely to be completed, and the additional costs and work to repair the damage from the recent weather event. The additional emergency works is putting pressure on the planning for the 26/27 forwards work program with a risk of falling behind for the next financial year. Additionally, staff are monitoring the fuel disruption closely and the impacts that is going to have on the cost and delivery of the work programme.

Risk	Mitigation	Status
February Weather Event, more damage to the network, emergency works taking priority over planned works	Emergency works are being managed by external consultant, all roading is having to be prioritised, keeping good lines of communication with the contractors, looking at other resilient work while established in areas of the network for emergency repairs, building back better where funding and time allows.	Amber
Levels of Service complaints from the public	Keeping good lines of communication with the public.	Green
Failure to complete the 2025/26 reseal programme	Monitor weather closely along with fuel disruptions and price increases, prepare to defer work if not completed by end April.	Amber

Risk	Mitigation	Status
Fuel supply disruption	Monitor the situation as it unfolds, cost of materials will increase which will be passed onto council, balance cost of delays against cost of continuing and having large backlogs in the future.	Amber

5. 3 Waters

- 5.1. ŌDC’s water infrastructure came through the February weather event mostly unscathed with only moderate damage to the Arohena water intakes and intake damage to the Ōtorohanga water treatment plant. Repairs are being planned for this work.
- 5.2. Wastewater infrastructure did not fare as well with damage to two electrical power boards from flooding and the wastewater treatment plant sustaining pond embankment damage due to flooding. There was also a 16m section of sewer main destroyed during a land slip on Gradara Ave. As part of the repairs a full CCTV inspection of the wastewater and stormwater network is underway, with any repairs to be covered by insurance.
- 5.3. Although the wastewater network was put under extreme pressure on 13/14 February during the heavy rain, services were returned very quickly the following day once the water had receded.
- 5.4. There was surface flooding in the Ōtorohanga township throughout the first night and subsequent days, as the water receded there was only minor damage to the stormwater network. Unfortunately, the surface flooding did result in homes and a school being flooded.
- 5.5. The flood protection assets perform well with some pockets of surface flooding. The pumps did the job they were designed for, moving vast amounts of water from within the stopbanks. It has been calculated that the Huiputea flood pumps moved approximately 240,000m³ of water during the event moving up to 80m³ of water a minute.
- 5.6. At this time, the estimated cost of repairs to the 3 waters network is circa \$500K with costs likely to increase during discovery phase.

Risk	Mitigation	Status
Financial cost to repair damage from the February weather event	Significant costs to repair the damage. Staff are working with ŌDC’s insurance company to collate claim but ŌDC will need to cover cost of excesses.	Amber

Arohena Rural Water Scheme

- 5.7. The proposed closure of the Kahorekau, Huirimu and Taupaki supplies has progressed well with the final report submitted to Taumata Arowai on 3 September 2025. As it transpired section 131 of the Local Government Act 2002 was repealed days earlier and replaced with Section 73 of the Local Government (Water Services) Act 2025.
- 5.8. Given that the process had commenced under another law, and the fact that the principles outlined in section 73 LG(WSA) had not changed significantly, the report did not need changing.

- 5.9. Taumata Arowai provided their feedback and outlined their advisory notes to be presented during the referendum. The postal vote referendum, run by Electionz, started on 30 January 2026, and ran through to 3 March 2026.
- 5.10. The referendum results were overwhelming support for the closure returning a 96.30% vote for yes to close the drinking water down which meets the 75% target.
- 5.11. A project plan is now finalised on closing the supplies down to be completed by March 2027, in time for the Arohena Rural Water Scheme to be excluded from transition to Waikato Waters Ltd.

Risk	Mitigation	Status
Meeting the timeline for the closure project	Project plan in place, project team created.	Green

Ōtorohanga Water Treatment Plant

- 5.12. A full condition assessment has taken place by structural engineers on the weir after the deterioration was notice last year, with two options presented for consideration. The two options consist of installing new sheet piling, or constructing a new precast concrete weir, with the sheet piling being the recommended option. Although a detail design will need to take place, the estimates for repairs are between \$380k and \$580k.
- 5.13. An annual plan budget has been put in place to start on the detailed design for the sheet piling recommendation.
- 5.14. Work is also underway to clearly understand if the weir is a water treatment asset or a flood protection asset, or both, as it sits within two activities. The outcome of this will determine how the repairs will be funded and who has control over the management of the asset post transition of 2 waters.

Risk	Mitigation	Status
Unplanned/Unbudgeted expenditure	Early reports suggest significant repairs are required. Weir is not at risk of catastrophic failure with time available to plan and input into Long Term Plan.	Amber
Clarity of asset ownership	Clarity of the asset ownership will inform the funding of the repairs, will also determine if asset transfers with 2 waters assets at transition	Green

Ōtorohanga Wastewater Treatment Plant

- 5.15. The wastewater plant lost electrics and pond embankments through the February event, and work is underway to repair the damage.
- 5.16. The remaining \$300k of \$400k budget for inlet and outlet improvements at the wastewater treatment plant will no longer be spent.

5.17. After the optioneering process in year 1 staff replaced the inlet aeration wheel improving the biological treatment processes in this area and changed the outlet treatment processes which have improved to our overall treatment processes. This coupled with the desludging work in year 1 means ŌDC are now consistently meeting consent limits. This is a good example of understanding the problems first, before installing expensive equipment.

Risk	Mitigation	Status
Wastewater treatment is not sustained with changes to treatment	Monitoring of monthly consent limits will identify any issues early. Remain budget can be carried forward into year 3 if needed.	Green

6. Contracts

C1147 ŌDC Tihiroa Existing Main Replacement

6.1. The Tihiroa renewals project, replacing 3 km of 90mm water main from Te Kawa Road to Cannon Road has been completed and on budget.

C1148 Water and Wastewater Service Renewals 2025

6.2. ŌDC’s combined water and wastewater pipe renewals budgets in the 24/27 long-term plan are \$2.0 million dollars for Ōtorohanga. There is no significant renewals planned for Kawhia.

6.3. The Ōtorohanga water and wastewater services renewal contract was awarded to Offshore Plumbing Services Ltd, of New Plymouth in October 2025, with work beginning in December 2025.

6.4. This contract is valued at \$1.2 million and involves the combining of year 1, year 2 and a portion of year 3 of the renewal budgets into one contract, continuing the philosophy of working over a 3 year programme with renewals instead of year by year contracts as this has proven successful in the past, with good competitive tenders received for this work.

6.5. The contract involves replacement of

- a) 530m of pressurised sewer main on Te Kawa St, includes intersection improvements, Kakamutu Rd and Te Kawa Street
- b) 55m of gravity sewer main on Glendon place, removing the need for existing pump station(completed)
- c) 531m of watermain replacement on Kihikihi St, Phillips Ave and Huiputea Drive
- d) 267m of watermain Tūrongo Street
- e) 125m of watermain on Hinewai Street
- f) 768m of rider main on Main North Road (completed).

6.6. This is a considerable project across multiple sites and communications with the public is important as we will be working near Rangitahi Street which was subject to considerable disturbance during the wastewater upgrades during 2024 and 2025.

6.7. As this project progresses a rationalisation of remaining year 3 budget, (\$800k) will be considered for a further contract to go out later in the year, we will assess this as the year progresses. some of this budget may now have to be redirected to meet insurance shortfalls from the February event.

C000 - Museum Stormwater/Wastewater upgrades

6.8. The Ōtorohanga Historical Society has obtained approval from ŌDC to relocate the Rewarewa School house to the museum site on Kakamutu Road, which has triggered some unplanned work to be required to enable this project to proceed.

6.9. The project involves relocating the redundant Glendon Place pump station (removed as part of C1148) to the rear of the museum and the replacement of a 750mm stormwater pipe where the schoolhouse will be situated.

6.10. This project, although unplanned has aligned with the stormwater renewals capital budgets and provides an opportunity to relocate the redundant Glendon Place pump station removing the museums aging septic tank system. This pumps chamber will also cater for any infill growth in this area in the future.

6.11. This project will consume the available stormwater capex budgets and will absorb some of the remaining year 3 wastewater renewal budget.

6.12. The combined estimates at this time to replace the stormwater pipe, install the pump station, and prepare the foundation pad for the schoolhouse are approximately \$165K which will be spread across three budget activities.

6.13. Although this project does present some programming challenges, staff are confident that this work will be completed within the financial year, and within existing budgets.

Risks	Mitigation	Status
Time delays extending contract delivery	Clear contract specifications, regular contract meetings, and site inspections. Escalation to Manager Projects on any issues early to avoid delays.	Green
Contract going over budget	Robust contract management, monthly claims processed with alignment to programme. Any variations follow correct approval processes. Contingencies built into contract budgets.	Green
Poor Contractor Performance	Regular contract meeting and discussions on performance. Issues escalated to Manager Projects if unresolved.	Green

7. Kawhia and Aotea Coastal Structures

7.1. Aotea Seawall continues to move, and two 50m emergency repairs have taken place within the last 8 months, however there is another 100m section of the wall that is showing signs of deterioration which is causing concerns for residents.

- 7.2. Reactive maintenance has taken place to date but is not sustainable without a clear planned approach and direction on whether to continue to invest in coastal seawalls, and if so, how it is to be funded.
- 7.3. Staff are currently working on a program of work to get an estimate of the cost of repairing the remaining 100m, so the financial risk can be understood before any work is commenced, and funding is allocated accordingly.
- 7.4. The situation of the movement of the Aotea Seawall was workshopped with the previous council last year and the new council will have the same workshop presented in March. This is to ensure ŌDC have a clear understanding of the significant risk on cost of maintaining coastal seawalls.
- 7.5. Fortunately, ŌDC has been able to use \$500k of the \$730k “better off’ funding so far to progress the consents, condition assessment and the last two repairs. There is only \$230k of this fund left available before the costs will have a direct rates impact for residents. This has reduced the financial risk in the short term but does not remove the potential financial risk to ŌDC.
- 7.6. Staff have completed the condition assessment of the Kawhia seawall which will also give ŌDC a clearer understanding of the future investment needed to maintain these walls into the future.

Risks	Mitigation	Status
Continued deterioration of seawalls	Movement in the seawalls is to be monitored by staff until engineer estimates are completed to inform the maintenance plan	Red
Catastrophic failure of seawall	Unlikely at this time, but is always possible with large onshore storm event putting pressure on wall structures	Red
Insufficient funding to effect repairs	Clearer understanding of the scope of the work required. Open tenders to achieve best value for money contracts. Alternative repair solutions considered to improve resilience of the walls. Reporting to ŌDC on budget requirements.	Red
Community expectations to repairs, reactive maintenance	Communicating clearly with the community on the challenges to maintaining the seawalls and the need for sufficient time to have a planned maintenance programme and available budgets.	Red
Unclear strategy, creates an ineffective and inconsistent seawall maintenance	Develop a formal long-term coastal asset strategy that sets clear objectives, service levels, and investment priorities for the seawall. Communication with the affected communities is vital.	Red

Kāwhia Wharf

- 7.7. The Kāwhia Wharf and Pontoon enable users to access commercial and recreational fishing vessels using the Kāwhia harbour. The wharf also provides recreational use for fisherman and swimmers, an important asset to the Kāwhia community and fishing industry.

- 7.8. Unfortunately, a large fishing vessel was tied to the pontoon during a recent storm event and as a result the pontoon suffered damage. Staff are unable to determine if the vessel caused the damage but it's presence would not have been conducive to the pontoons structure.
- 7.9. The matter has been handed over to ŌDC's insurance company and staff are still collating the cost of repairs. Logistically there is no equipment large enough to conduct the repairs in Kāwhia and a specialised barge may need to be brought to Kāwhia.
- 7.10. A full condition assessment of the wharf is being prepared by staff to inform the next Long-Term Plan.
- 7.11. Consistent with other coastal districts, these assets are situated within the coastal marine area and are subject to harsh environmental conditions, resulting in high maintenance costs with little income generated.

Risks	Mitigation	Status
Large Fishing vessels tying to wharf and pontoon for extended periods	Improve signage on wharf to deter large vessels using pontoon.	Amber
Usage of wharf does not cover major maintenance	The usage of the wharf does not generate sufficient income to manage its maintenance. Review berthage fees and charges in next Long-Term Plan	Amber

8. Community Facilities

- 8.1. Several of the Ōtorohanga community facilities were impacted during the February event with the most significant damage sustained to the Jim Barker Memorial Playground, a ŌDC building on Lawrence Street and the Ōtorohanga Museum. The damage was flood damage and the although the repairs to the facilities will be covered by insurance ŌDC will still need to fund the excess. The estimated cost of repairs to date are \$450K, with the majority of that being the repairs to the playground.

Risk	Mitigation	Status
Cost of repairs to facilities	Insurance will cover the majority of the cost but there will be insurance excesses that will need to be covered by ŌDC.	Green

9. Resource Consents

- 9.1. The Ōtorohanga and Kāwhia Urban Stormwater Discharge consents are still ongoing and nearing completion with the last of the WRC requests for further information nearly complete.
- 9.2. As with other holders of expired consents ŌDC was afforded the option to suspend the consent process until 2027, but with as the consent application 98% complete it was decided to continue through to completion. This may have been a different decision had ŌDC not already invested 4 years into this consent process.

- 9.3. It is expected that ŌDC will receive the draft resource consent conditions soon and it is anticipated that there will be more stringent conditions than in the past, which will trigger capital improvements to the stormwater infrastructure. Once these conditions are known planning and costs will need to be factored into the next LTP.
- 9.4. Tihiroa Rural Water Supply water take consent renewal has been submitted in December and is now on hold pending review.

Risk	Mitigation	Status
Council operating with expired resource consents	Existing resource consents programmed early for renewal, with sufficient budgets for consent applications. Applying within statutory deadlines to enable continued consent conditions through renewal process.	Green
Stormwater Consent Conditions more stringent and impacts cost of service	Once the conditions are known planning can take place for any improvements that need to be made to stormwater infrastructure.	Amber

Key

RAG Status	Status Meaning	Definition
Green	On Track	Low delivery and/or financial risk to council.
Amber	At Risk	Moderate delivery and/or financial risk to council.
Red	Off Track	Significant delivery and/or financial risk to council.

10. Appendices | Ngā āpitihanga

Number	Title
NA	NA

Item 7 Quarterly Risk Report

To Risk and Assurance Committee

From Graham Bunn, Group Manager Business Enablement

Type **INFORMATION REPORT**

Date 30 March 2026



1. Purpose | Te kaupapa

1.1. To present the Quarterly Risk Report.

2. Executive summary | Whakarāpopoto matua

2.1. Since the previous report to the Risk and Assurance Committee, Ōtorohanga District Council (ŌDC) has continued to focus on delivery of the 2025 Risk Management Work Programme.

2.2. The Risk Management Policy and Framework were endorsed at the Committee’s September 2025 meeting. A draft 2026 work programme was also endorsed at the same meeting and is included again for reference.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee **RECEIVE** the report titled ‘Quarterly Risk Report’ from Graham Bunn, Group Manager Business Enablement.

4. Discussion | He kōrerorero

Risk Management Plan 2025

4.1. A 2025 road map was developed by David Robson, who is our Risk advisor from Aon. This was completed and included a Risk Maturity Assessment, Organisational and Strategic Risk Review, and development of a Risk Management Policy and Framework

Proposed Risk Management Plan 2026

4.2 The proposed plan for 2026 has been developed to further build on the foundations set in 2025. Timeframes and resourcing to carry out the plan will be discussed with ŌDC’s Risk Advisor and updates will be included in future Risk and Assurance quarterly reports.

Task	Description	Status
Review of Strategic Risks	Review current Strategic Risks and Risk Assessment to consider whether still appropriate.	To be reviewed at a workshop after February meeting.
Risk Maturity Assessment	Gauge current levels of risk maturity with ŌDC’s Leadership Team to measure increases since last assessment in 2025.	Will assess Risk Maturity with Leadership Team mid-year and possibly wider 3 rd tier.
Embed risk management in operations	Look for opportunities to further embed risk management practice.	Ongoing.
Training and Awareness	Create a programme of awareness and risk management training across Leadership Team, managers and staff.	Training programme still to be created. Will work with ŌDC’s Risk Adviser to develop this.
Leveraging risk into financial discussions	Enable a financial risk lens to be applied at business unit level so risk awareness culture at operational level is embedded in ‘how we operate’.	Understanding at Leadership Team level, but further work required to embed at operational level. Will work with ŌDC’s Risk Adviser to develop strategies.
Business Continuity Management Plan Review	Desk-top review and evaluation of current business continuity arrangement.	Will present review to the August Risk and Assurance meeting.

Emerging risks update

- 4.3 There may not be sufficient knowledge around the risks outlined in Appendix 1 for formal addition to the organisational risk register, due to the emerging state, as they may not yet be fully understood and/or only proposed legislation/reforms. While the specific impact on ŌDC is not known, the Leadership Team actively monitors changes in Legislation and receives advice from Taituarā on the potential impact to the local government sector.
- 4.4 Aon, who are ŌDC’s Insurance broker, have provided an Emerging Risk Horizon Scan across NZ Councils. This has been attached (Appendix 1) and will be included in future Quarterly Risk reports for reference.

Operational risks update

- 4.4 Operational Risks and Issues are reviewed weekly by ŌDC’s Leadership team. Actions and strategies are put in place to mitigate these risks at Management Level. Where it is deemed necessary Operational Risks are escalated to the Risk and Assurance Committee.

Emerging Risk Horizon Scan – NZ Councils

March–April 2026

This March–April 2026 Emerging Risk Horizon Scan for New Zealand councils builds on the previous January–February 2026 report.

Several themes identified in the January–February scan continue to feature as priority risks for the sector. However, this updated report revises the narrative and emphasis for each recurring risk to reflect new information and policy signals emerging since February 2026, progress made by many councils in planning and programme development and shifts in stakeholder expectations and public sentiment.

Where a risk appeared in the January–February 2026 horizon scan, this report should be read as a replacement and refinement to each risk.

Summary of Emerging Risks and Ratings – March/April 2026

Emerging Risk (March–April 2026)	Risk Rating	Trend	Change vs Jan–Feb 26
Accelerating climate adaptation and natural hazard exposure	Medium		Update: To reflect new hazard info and adaptation work; residual rating adjusted where councils have established adaptation programmes
Water services reform implementation and infrastructure viability (Local Water Done Well context)	Medium–High		Risk reframed from “Three Waters transition” to wider long-term viability; residual risk refined recognising clearer policy signals but significant delivery and affordability challenges.
Cybersecurity, data breach & digital resilience (including OT and AI-related risks)	Medium–High		Residual risk reduced slightly in some councils due to uplift programmes, <u>but overall rating kept elevated as threat environment intensifies and third-party risks remain.</u>
Misinformation, polarisation & public trust in councils	Medium		Risk elevated in prominence: now presented as a standalone emerging risk reflecting increased social tension, staff/elected-member safety concerns and consultation challenges.
Workforce, capability & delivery capacity constraints	Medium–High		No change, but narrative updated to emphasise delivery risk for major climate, water and digital programmes and Te Ao Māori capability needs.
Financial sustainability, insurance & integrity risk	Medium–High		Residual risk increased in many contexts due to compounding cost pressures, potential insurance repricing, and heightened fraud/procurement risk.
Governance complexity, reform uncertainty & role creep	Medium	NEW	Newly sharpened/combined risk: consolidates earlier references to reform uncertainty and mandate creep into a single governance-focused emerging risk.

Emerging Risk	Risk description	Context	Key emerging elements for March–April 2026
1. Accelerating Climate Adaptation & Natural Hazard Exposure	<p>Escalating physical climate impacts (flooding, coastal erosion, landslides, heat, drought) converge with new national expectations on climate adaptation and land-use, exposing councils to asset damage, service disruption, litigation, and community displacement.</p>	<ul style="list-style-type: none"> National direction on climate adaptation and risk reduction is tightening (e.g., risk-based land-use, adaptation planning expectations, and forthcoming national flood/hazard information). Recent severe weather events and updated hazard mapping are revealing legacy land-use and infrastructure vulnerabilities faster than councils can respond through LTPs and district plans. Many councils have strong emergency management capability but are under-resourced for adaptation strategy, managed retreat and complex community transitions. 	<p>Legal challenge risk where councils:</p> <ul style="list-style-type: none"> continue consenting or investing in high-hazard areas; or fail to act on up-to-date hazard information, especially where communities can show foreseeable harm. Reliance on central government co-funding that may not fully materialise or may be heavily conditional.
2. Water Services Reform Implementation & Infrastructure Viability	<p>Implementation of the evolving Local Water Done Well framework, combined with ageing three-waters infrastructure and stricter regulatory requirements, may outstrip councils' financial and delivery capacity, leading to service failures, consent breaches and community backlash.</p>	<ul style="list-style-type: none"> The “replacement” of Three Waters reforms places the onus back on councils and council-owned entities to deliver safe, reliable, financially sustainable water services. Councils face high capex requirements (treatment upgrades, growth, resilience) at the same time as public resistance to rates and fees. The drinking water regulator and environmental regulators continue to lift expectations on performance and compliance. 	<ul style="list-style-type: none"> Governance and structural decisions under Local Water Done Well (e.g., regional/shared entities, council-controlled companies) with significant transition risk. Affordability risk as water capex and opex compete with climate adaptation, transport and community facilities.

<p>3. Cybersecurity, Data Breach & Digital Resilience</p>	<p>Targeted cyber attacks and data breaches against councils, CCOs and shared service providers – including operational technology such as water, transport and building systems – result in service disruption, loss of sensitive information, regulatory scrutiny and public trust erosion.</p>	<ul style="list-style-type: none"> • Recent high-profile public-sector data breaches in NZ have increased public and regulatory expectations for security, notification and redress. • Councils are rapidly adopting cloud services, digital channels and AI tools, often ahead of formal governance and risk frameworks. 	<ul style="list-style-type: none"> • Ransomware and data-exfiltration campaigns, with dual-extortion tactics and public data dumping. • Vulnerabilities in shared platforms (e.g., regional GIS, shared HR/finance systems, sector-wide SaaS) that could create multi-council incidents. • Rapid, ungoverned uptake of AI-assisted tools by staff (for drafting, analytics, customer service), creating new privacy, integrity and security risks.
<p>4. Misinformation, Polarisation & Public Trust in Councils</p>	<p>Misinformation and disinformation, amplified via social media and polarised community groups, undermine trust in councils, compromise consultation processes, and increase threats to staff and elected members, particularly around contentious decisions.</p>	<ul style="list-style-type: none"> • Persistent cost-of-living pressures, climate-related decisions, water reform, and Treaty-related issues provide narratives that distort council roles and decisions. • Online harassment and targeted campaigns are increasingly affecting local elected members’ safety and willingness to stand for office. • Low baseline trust in institutions makes it easier for false or misleading narratives to gain traction quickly. 	<ul style="list-style-type: none"> • Community dissatisfaction driven by misunderstanding of legal obligations (e.g., climate adaptation, National Policy Statements, water standards). • Increased OIA requests, complaints grounded in mistrust. • Health and safety implications for staff and elected members (harassment, threats).
<p>5. Workforce, Capability & Delivery Capacity Constraints</p>	<p>Persistent difficulty attracting, developing and retaining talent in critical roles (engineering, planning, digital, climate, iwi engagement, financial and project management) impairs councils’ ability to deliver on statutory obligations and strategic priorities.</p>	<ul style="list-style-type: none"> • Tight labour markets, demographic pressures and competition from private sector and central government are limiting council access to specialist skills. • New and evolving mandates (climate adaptation, water reform, digital resilience, national planning changes) increase capability demands faster than councils can respond. 	<ul style="list-style-type: none"> • Delivery risk in major capital and transformation programmes due to limited internal capacity and over-reliance on a narrow pool of external consultants. • Loss of institutional knowledge as experienced staff retire or exit.

		<ul style="list-style-type: none"> • Long-term workload and change fatigue are driving burnout and attrition. 	<ul style="list-style-type: none"> • Challenges embedding Te Ao Māori capability and effective partnership practice at scale.
6. Financial Sustainability, Insurance & Integrity Risk	Rising operating and capital costs, constrained revenue options, climate adaptation demands, and potential shifts in insurance and reinsurance markets challenge councils' financial sustainability, while heightening fraud, procurement and integrity risks.	<ul style="list-style-type: none"> • Many councils face significant rates pressure via capping while needing to fund large water, climate and infrastructure programmes. • Climate-related events may affect insurance premiums or reduce cover, particularly for high-risk assets and communities. • Fiscal stress can increase susceptibility to fraud, and poor procurement practice. 	<ul style="list-style-type: none"> • Potential for structural operating deficits if expenditure growth outpaces achievable rates and fees. • Heightened scrutiny from the Auditor-General and the community on value for money and integrity in procurement and capital programmes. • Need to reassess insurance strategies, including self-insurance, risk appetite and asset prioritisation for cover.
7. Governance Complexity, Reform Uncertainty & Role Creep	Ongoing shifts in central government policy (planning, water, climate, emergency management, regional economic development), combined with community expectations that some councils continue to fill service gaps such as pensioner housing, create governance complexity, mandate creep and inconsistent performance.	<ul style="list-style-type: none"> • Multiple reform strands have started, paused, or been reshaped in recent years, requiring councils to constantly re-interpret roles, relationships and accountabilities. • Communities increasingly expect councils to intervene in areas not traditionally core (e.g., homelessness, public safety) when other actors withdraw or retrench. • Elected members face a heavier volume of technically complex, long-horizon decisions with potentially high political and community salience. 	<ul style="list-style-type: none"> • Confusion or conflict between council and central government roles. • Risk of over-committing to non-core activities without sustainable funding, undermining delivery of mandatory services. • Governance fatigue and difficulty sustaining a strategic focus on material enterprise risks.

Public excluded

Take matatapu

There are no reports.

Meeting closure

Katinga o te hui

The Chairperson will declare the meeting closed.

Workshops

Hui awheawhe

Strategic risks review

Open to the public

Monthly discussion with the Chief Executive

Public not permitted