

21 October 2024

Jonathan Gibbard and Justine Daw
Northland Regional Council
As recipient for the Kaipara Moana Remediation Joint Committee
Private Bag 9021
Whangarei 0148

AGREED-UPON PROCEDURES REPORT ON THE KAIPARA MOANA REMEDIATION PROGRAMME

To Jonathan Gibbard and Justine Daw

The Auditor-General is the auditor of Northland Regional Council (the 'Council'). The Auditor-General has appointed me, Bennie Greyling, using the staff and resources of Deloitte Limited, to perform the procedures agreed with you, and outlined below, on his behalf.

Purpose of this agreed-upon procedures report and restriction on use and distribution

In accordance with our engagement letter dated 7 June 2024, we have performed the procedures agreed with you in connection with the expenditure incurred by Northland Regional Council in its capacity as agent or recipient for the Joint Committee for the Kaipara Moana Remediation Project (the 'Project' or the 'subject matter').

The agreed-upon procedures engagement is intended solely for the purpose of assisting the Council as agent for the Joint Committee to report certain financial information in the Annual Report to the Ministry for the Environment (the 'Ministry' or 'MfE') who has provided funding to the Joint Committee as outlined in the Kaipara Moana Remediation Deed of Funding dated 8 February 2021 (the 'funding deed'). The financial information reported is set out in clause 4.2(c) of the funding deed and covers the period from 1 July 2023 to 30 June 2024.

Our report is intended solely for your exclusive use and solely for the purpose set out above. We understand that a copy of our report has been requested by MfE solely for the purpose of assessing your compliance with the funding deed. We agree that a copy of our report may be provided to MfE for their information in connection with this purpose but, we do not accept any duty, liability or responsibility to MfE in relation to our report.

It is for you and MfE, to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter.

Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with our report or this engagement, including without limitation, liability for negligence in relation to the factual findings expressed or implied in our report.

Our report on factual findings was completed on 21 October 2024 and our findings are expressed as at that date.

Responsibilities of Council as agent for the Joint Committee

The Council, as agent for the Joint Committee, have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Council, as agent for the Joint Committee, are responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor's responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (New Zealand) 4400 Agreed-Upon Procedures Engagements ('ISRS (NZ) 4400'). An agreed-upon procedures engagement is limited to only performing the procedures that have been agreed with you and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representations regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Independence and quality control

When carrying out the engagement, we complied with:

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

In addition to this engagement, we performed the audit of the annual financial statements and performance information of the Council, and assurance engagements pursuant to clauses 6.2 and 10.2(g) of the Debenture Trust Deed. We have also provided a fraud and corruption risk assessment, an assessment of the internal audit function's maturity and a review of certain rates revenue collection processes and controls. These services have not impaired our independence as auditor of the Council. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

Procedures and Findings

The procedures were performed solely to assist you in meeting your purpose outlined above. The procedures performed and the factual findings obtained are in Appendix 1.

Yours faithfully



Bennie Greyling
Deloitte Limited
On behalf of the Auditor-General

Enclosure: APPENDIX 1: Factual Findings

APPENDIX 1: Factual Findings

In order to perform the agreed upon procedures below we obtained the Annual Report for the year ended 30 June 2024 that will be submitted by the Council to the Ministry pursuant to clause 4.1 and 4.2 of the funding deed.

General procedures	Findings
<p>1. Agree the total amount recorded as expenditure in the Annual Report to the relevant general ledger records for the Project obtained from Council. Report any differences identified.</p>	<p>Total expenditure reported in the Annual Report is \$12,660,540.</p> <p>Total expenditure reported in the relevant general ledger is \$12,660,540.</p> <p>No differences identified.</p>
<p>2. Agree the amount recorded as Member Party contributions in the Annual report to the relevant general ledger records for the Project obtained from Council. Report any differences identified.</p>	<p>Total Member Party contributions reported in the Annual Report is \$2,338,898.</p> <p>Total Member Party contributions reported in the relevant general ledger is \$2,338,898.</p> <p>No differences identified.</p>
<p>3. Agree the amount recorded as grant funding invoiced and received from the Ministry, and the amount of grant funding not spent in the Annual Report to the relevant general ledger records for the Project obtained from Council. Report any differences identified.</p>	<p>Total grant funding invoiced and received from the Ministry reported in the Annual Report is \$12,687,288 and the amount of the grant funding not spent as of 30 June 2024 reported in the Annual Report is \$5,174,924.</p> <p>Total grant funding reported in the relevant general ledger is \$12,687,288 and the amount of the grant funding not spent as of 30 June 2024 reported in the relevant general ledger is \$5,174,924.</p> <p>No differences identified.</p>
<p>4. Agree the amount recorded as funding contributions from other sources and the amount of funding contributions not spent in the Annual Report to the relevant general ledger records for the Project obtained from Council. Report any differences identified.</p>	<p>Total funding contribution from other sources reported in the Annual Report is \$4,219,866 and the amount of funding contributions not spent as of 30 June 2024 reported in the Annual Report is \$283,141.62.</p> <p>Total funding contributions from other sources in the relevant general ledger obtained from the council is \$4,219,866 and the amount of funding contributions not spent as of 30 June 2024 reported in the relevant general ledger is \$283,141.62.</p>

<p>5. Agree the following amounts to the relevant general ledger records for the Project obtained from the Council:</p> <p>(i) grant monies received from the Ministry, as per the reconciliations/confirmations received from the Ministry;</p> <p>(ii) expenses paid with the grant monies during the period as per the Annual report; and</p> <p>(iii) any interest received, as per the Annual report, by the Council on the grant.</p> <p>Report any differences identified.</p>	<p>No differences identified.</p> <p>(i) The grant monies received from the Ministry per the reconciliation received is \$11,276,700. The grant monies received from the Ministry reported in the relevant general ledger records is \$11,276,700.</p> <p>No differences identified.</p> <p>(ii) The expenses paid with the grant monies during the period as per the Annual Report is \$6,384,917. The expenses paid with the grant monies during the period reported in the relevant general ledger is \$6,384,917.</p> <p>No differences identified.</p> <p>(iii) We did not identify any interest received on the grant per the Annual Report. This procedure is therefore considered non applicable.</p>
<p>Grant Funding</p>	<p>Findings</p>
<p>6. Agree each of the grant funding receipts for the period from the relevant general ledger records for the Project obtained from Council to:</p> <p>(i) bank statements; and</p> <p>(ii) invoices provided to the Ministry.</p> <p>Report any differences identified.</p>	<p>We obtained the relevant general ledger records for each of the grant funding receipts for the period. This related to four transactions, and we have traced the receipts of the funding received to the bank statements and to the invoices provided to the Ministry.</p> <p>No differences identified.</p>
<p>Member Party Contributions</p>	<p>Findings</p>
<p>7. Agree each of the Member Party contributions for the period from 1 July 2023 to 30 June 2024, as identified to us by the Council from the relevant general ledger records for the Project obtained from Council to invoices or equivalent supporting documentation from the relevant Member Parties. Report any differences identified.</p>	<p>Member Party contributions compromise of cash and in-kind contributions.</p> <p>Furthermore, cash contributions are made up of:</p> <p>(i) cash paid directly to the Kaipara Moana programme (bank account transfers)</p> <p>(ii) invoices and payroll costs paid directly by Council and Auckland Council (relating to work fully attributable to the Kaipara Moana programme).</p> <p>We obtained the relevant general ledger records.</p> <p>Total expected member party contributions from Auckland Council are \$1,169,449. This is made up of:</p> <p>(i) Cash receipts of \$754,226 - we have traced the receipt of funding received to the respective invoice provided and bank statement. Please note that the remaining \$348,680 of the expected member party</p>

	<p>contributions from Auckland Council was receipted on 25 July 2024.</p> <p>(ii) Costs paid directly by Auckland Council of \$54,733 – we have obtained the confirmation directly from Auckland Council and noted that the amount is \$54,733.</p> <p>Please note that included in the expected member party contributions from Auckland Council includes a \$11,810 carry over from previous year and applied to the current year.</p> <p>Total expected member party contributions from Northland Regional Council are \$1,169,449. This is made up of:</p> <p>(i) Cash receipts of \$0.</p> <p>(ii) Costs paid directly by Northland Regional Council of \$1,365,114– we have obtained a transaction listing for this balance and have selected 5 samples to trace through to the invoice (tested from an expenditure perspective).</p> <p>Using a random number generator, one sample was selected for every \$250,000 of cost incurred. The total costs paid per the transaction listing exceeds the total expected member party contributions by \$208,395. This relates to an over contribution from Northland Regional Council.</p> <p>Please note that included in the expected member party contributions from Northland Regional Council includes a \$12,730 carry over from previous year and applied to the current year.</p> <p>For the in-kind contributions we have agreed the income recognised to the in-kind expenditure recorded.</p>
<p>Funding Contributions from other sources</p>	<p>Findings</p>
<p>8. Using a random number generating tool, agree a sample of funding contributions from the relevant general ledger records for the Project obtained from Council to:</p> <p>(i) bank statements if received in cash, and</p>	<p>Funding contributions from other sources compromise of interest earned on unspent funds and landowner in-kind contributions.</p> <p>Using a random number generator, one sample was selected for every \$250,000 of cost incurred.</p>

<p>(ii) invoices or equivalent supporting documentation.</p> <p>Report any differences identified.</p>	<p>For each of the 16 samples, we have agreed the income (landowner in-kind contributions) recognised to the in-kind expenditure recorded.</p> <p>No differences identified.</p>
<p>Project Expenditure</p>	<p>Findings</p>
<p>9. Using a random number generator, agree a sample of project expenditure items from the relevant general ledger records for the Project obtained from the Council to invoices and report any differences identified.</p> <p>10. For each expenditure sample (per procedure 9) record the nature of the expenditure from the invoice and obtain and report an explanation from Council management as to how this expenditure is appropriate under the funding deed.</p> <p><i>With respect to the sampling undertaken for funding contributions from other sources (procedure 8) and project expenditure (procedures 9 and 10) the number of samples selected will be structured such that approximately one sample will be selected for every \$250,000 of funding or expenditure.</i></p>	<p>Project expenditure comprises of cash contributions and in-kind expenditure.</p> <p>Using a random number generator, one sample was selected for every \$250,000 of cost incurred.</p> <p>For each of the 52 samples, we agreed the expenditure to invoices (or other supporting documentation where appropriate i.e., timesheets) and obtained explanations from Taka Skipwith (Financial Accountant) at Northland Regional Council as to the nature and appropriateness of the expenditure.</p>