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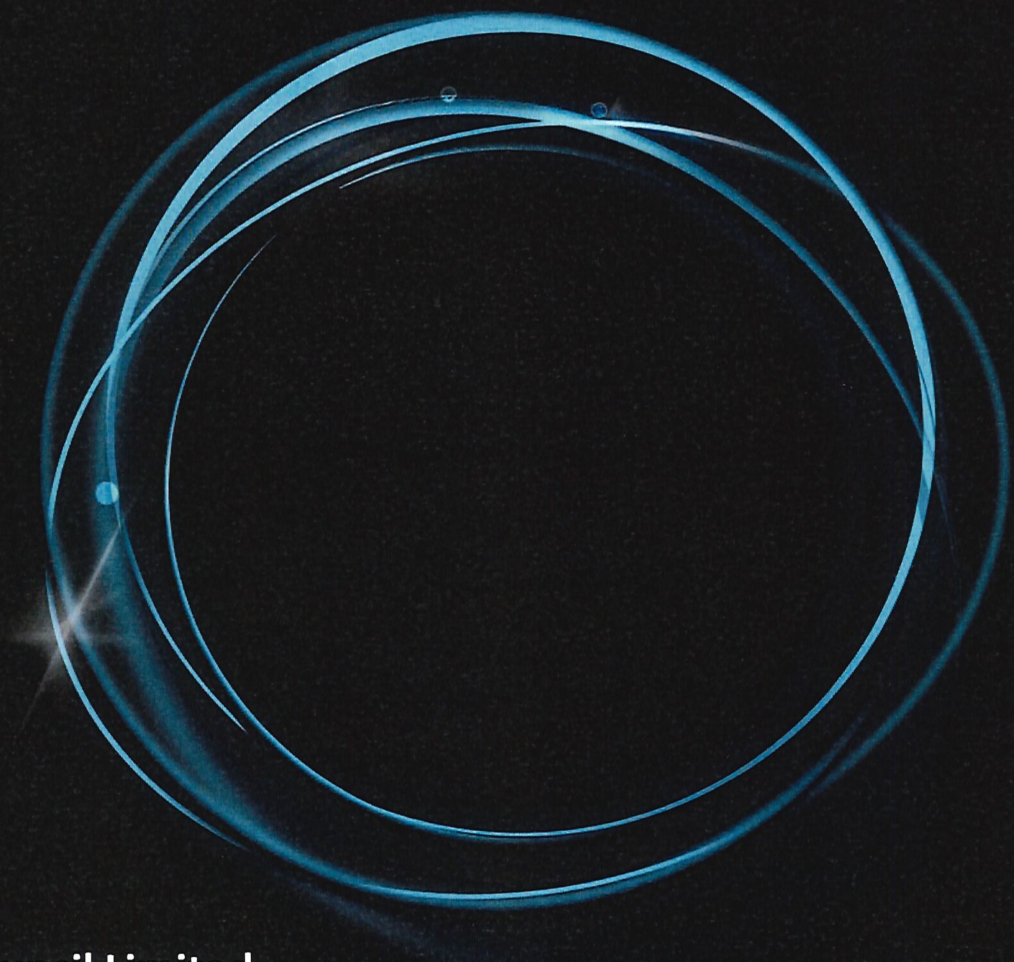

Kaipara District Council Limited

Report to the Audit, Risk and Finance Committee
for the year ended 30 June 2020

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A. Partner introduction

We are pleased to present this report to the Audit, Risk and Finance Committee on the financial statements and groups of activity statement of Kaipara District Council for the year ended 30 June 2020.

We have substantially completed our audit subject to the satisfactory resolution of the remaining outstanding items. As of the date of this report, the most significant outstanding items are:

- updated financial statements and checks of ad hoc notes;
- completion of internal quality procedures thereon;
- completion of specific laws and regulation procedures testing;
- obtaining the signed financial statements, groups of activity statements report and representation letter; and
- completion of subsequent event procedures;

Included in this report are the matters arising from our audit which we consider appropriate for the attention of the Audit, Risk and Finance Committee. These matters have been discussed with management and their comments have been included where appropriate.

This year's audit scope was consistent with the prior year except for the following key change:

- understanding how Covid-19 has impacted the Council's financial results. The OAG require an "Emphasis of Matter" paragraph in all audit reports that explains the impacts of Covid-19 on the entity's financial results, with judgement required in the level of detail to be disclosed.

We have discussed impacts with Council's Management and considered their response in undertaking our audit procedures

We look forward to the Audit, Risk and Finance Committee meeting on 27th November 2020 where we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report please do not hesitate to contact us.

This report is intended for the Audit, Risk and Finance Committee (and other Council members) and should not be distributed further without our express permission.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Bryce Henderson, Partner
for Deloitte Limited
Appointed Auditor on behalf of the Office of the Auditor General
Auckland | 19th November 2020

B. Our audit explained – a tailored approach

Identify changes in your business and environment

In our planning report dated 26 May 2020, we identified the key changes in your business and articulated how these impacted our audit approach.

Scoping

We set our materiality at $1.378m based on expenses which is consistent with prior year. We have completed our audit to this materiality and included in Section E are all misstatements above $69k.

Other findings

As well as our conclusions on the areas of focus, we report to you other observations that in our judgement warrant communication with the Audit, Risk and Finance Committee, including those on internal controls.

A report on these observations will be provided to you separately.

Our audit report

We will include an "Emphasis of Matter" paragraph in our audit report arising from the impact of COVID-19 on the business. The proposed wording of is based on requirements as set out by the OAG. We have not otherwise identified any material unadjusted differences or omitted financial statement disclosures that could either individually or in aggregate have a material effect on the financial statements. An updated schedule will be provided if required at the meeting.

Understand the control environment

We obtained an understanding of the control environment, sufficient to identify and assess the risks of material misstatement of the Council financial statements.

Our approach to internal controls for the areas of audit focus is consistent with the plan set out in our planning report. Our findings are included in Section D and a separate report will be issued to management in due course.

Conclusion on areas of audit focus / significant risk areas

Details of the areas of audit focus and our responses are set our in Section C of this report.

Quality and Independence

We take our independence and the quality of the audit work we perform very seriously. We confirm that we have maintained our independence in accordance with Professional and Ethical Standards.

We provide an overview of the relationships and non-audit services in Appendix 2.

C. Areas of audit focus – dashboard

The following areas of audit focus are consistent with the areas identified in our planning report with the addition of the Hakaru landfill remediation.

Area of audit focus	Significant risk	Fraud risk	Planned controls testing approach	Level of management judgement required
Management override of controls	✓	✓	D+I	N/A
Revaluation of infrastructure assets	✓	✗	D+I	🔴
Legislative compliance: rates revenue	✓	✗	D+I OE	🟡
Development contribution revenue	✓	✓	D+I	🟡
Hakaru Landfill remediation	✓	✗	D+I	🟡
Impact of Covid-19	✗	✗	N/A	N/A
Sector wide area of focus	✗	✗	D+I	N/A

Approach to controls

D+I: Testing of the design and implementation of key controls

OE: Testing of the operating effectiveness of key controls

Level of management judgement required

🟢 🟡 🔴

Low → High

C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Management override of controls We are required to design and perform audit procedures to respond to the risk of management's override of controls.	As part of our testing of the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Council financial statements, we performed the following testing: • understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the Council 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 bias 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 Council 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 entity and its environment.	We have not identified any inappropriate journal entries or indications of management bias.

C. Areas of audit focus

Area of audit focus	Our approach
Revaluation of Infrastructure Assets The Council accounts for revaluations of infrastructure assets on a class of asset basis. The asset classes include roads, land under roads, water reticulation, wastewater reticulation, stormwater systems and flood protection assets. Land associated with the wastewater system (particularly at Mangawhai) is also treated as a separate class of infrastructure asset. Management have adopted a rotation plan for revaluing the asset classes so the valuations are not all completed in the one year. Assets that experience significant changes in fair value are revalued outside the rotation plan. Management has determined that only the roading assets will be revalued in the 2020 year given the material movements that have occurred. For assets that are not revalued in the 2020 year, Management plans to perform a desktop exercise to assess the change in asset value. If the movement in asset value is considered qualitatively material, a full revaluation will be undertaken. There is a risk that revaluations are not appropriate because of incorrect assumptions and/or data, and that revaluation movements are not adequately reflected in the financial statements.	Our work plan included: • obtaining the independent valuations of the relevant infrastructure asset classes; • obtaining representations directly from the independent valuers confirming their valuation methodology; • reviewing the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with NZ generally accepted accounting practice (NZ GAAP) and assess whether the methodology is still appropriate with the impact of Covid; • holding various discussions with the valuers as appropriate; and • determining whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP. If there is significant valuation uncertainty noted as a result of Covid, ensuring that this has been adequately disclosed in the financial statements; • reviewing desktop reports from the valuers to identify any material fluctuations in value of assets not revalued in the current year; • obtaining representations from management's experts as to impairment indicators and material fluctuations in respect of assets not revalued in the current year; and • considering any caveats included in the valuation. The impact of Covid-19 introduces areas of uncertainty around the valuation of infrastructure assets.

C. Areas of audit focus

Audit Findings

Revaluation of infrastructure assets (continued)

A number of material adjustments were made as a result of the audit work relating to roading. These have been corrected in the financial statements.

The three water desk top valuations have had a number of iterations for adjustments as well as additional reconciliations performed to ensure the appropriate integrity of information to allow appropriate decision making to occur.

KDC's roading assets valuation report recorded a net increase in depreciated replacement cost of $89.6m (17%). $83.6m of the depreciated replacement cost is made up of the revaluation movement.

The increase in revaluation movement of $83.6m is predominately due too:

- updated historical unit rates to more accurate and current values as the valuer has undertaken a review of unit rates based on the current maintenance and renewal contract tendered in July 2018. This is the single biggest impact on replacement value of the asset. Comparison with neighbouring networks and in reviewing the revised rates represent a fair unit rate on which to base the valuation of the assets;
- indexing unit rates due to market deviation over time;
- changes in estimates between bridge and large culverts as a number of asset updates and validation checks have occurred as bridge assets were reclassified to large culverts;
- data quality and found assets.

There is increased complexity in terms of the roading and three waters reconciliations to ensure the integrity of the valuation and desktop work undertaken.

Management have worked with the valuers and liaised with ourselves to ensure the conclusions reached regarding no need to revalue such assets is reasonable based on the work undertaken.

We have noted a number of control observations which we will communicate in our management letter in due course.

The valuer, and peer reviewer have made a number of recommendations to management concerning improvements to the underlying data. These recommendations have generally remained unchanged from prior years.

Further condition assessment work is required to improve this data quality and therefore reduce the risk of adjustments in the valuation and unforeseen network failure. Good quality data also informs Council on the level of renewals that is required in future years and potentially impacts on the future rates required to be collected.

Refer to our control observation on the fixed asset reconciliation and revaluation process in Section D.

C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Legislative compliance: rates revenue Over recent years there have been a number of issues within the Local Government sector arising from rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the 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. Management and Council need to continue to ensure that the requirements of the LGRA are 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 LTP or Annual Plan (AP). The Council has been party to a number of legal actions in recent years in relation to its rates, and those of Northland Regional Council (NRC), with whom Council has an agreement to administer the rating function for NRC's rates collected in the Kaipara District. In the most recent update, Rogan has paid all outstanding penalties and the Court awarded costs to the Council. We consider this matter closed.	In order to address this risk, we: • tested the controls around the rates setting process at Council; • completed a 'work programme' compiled by the OAG, (similar to that completed in the prior year), to assist us in determining if rates had been set correctly by the Council; • reviewed the meeting minutes recording the adoption of the rates resolution, determining whether the rates are in accordance with the revenue and financing policy as well as reviewing any other information available with regard to rates.	We identified no material misstatement during our testing on rates. We have received a legal confirmation from Brookfield Lawyers confirming the status of the Rogan case. We note that Council uses Simpson Grierson to review its rating documentation prior to its adoption. We have also reviewed the method of allocating rate penalties. We have performed a benchmarking analysis and conclude that the Council's method is consistent among other Councils.

C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Development Contributions There is a risk that development contributions may be misstated if they are calculated incorrectly or revenue is recognised incorrectly.	We tested a sample of development contributions for accuracy, and review the recognition policy and practice against relevant accounting standards to ensure revenue is recognised at the right time.	During our interim visit, we identified that there are cut off issues with the timing of revenue recognition. Management performed a year end analysis and made adjusting journals based on their best estimates. We revisited the revenue recognition of development contributions during our year end visit and noted a difference between management's calculation and our calculation. This difference is not material and has been included in our error schedule on page 17.

C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Hakaru Landfill remediation In 2019, the council provided a provision of $4.2m for the Hakaru Landfill which was based off the VK Consulting report from 2013. However, it was noted for the first time this fiscal year that there have been ongoing plans to formalize a new strategic plan (due to the VK Consulting remediation plan being too expensive) for the remediation of the Hakaru landfill since 2015. An independent assessment was performed in fiscal 2018 by MWH and peer reviewed by Pattle Delamore Partners Limited which provided the Council with 5 refuse removal options. During that year, the Council agreed to pursue a combination of options that involve the treatment of leachate onsite and discharge via a wetland area. The revised assessments were materially less than the original estimated provisions. Management had initially taken the change in estimate as a current year adjustment but has now changed this to fiscal 2018 with an estimated impact of $2m reduction in the provision.	Reviewed the various reports produced as well as relevant correspondence entered into as well as the 2018 LTP estimation used. Discussed with management, the various reports and the timelines to decisions or when information was most likely to be known. Evaluated whether the method of measurement used is appropriate and the calculations reasonable. We challenged the reasonableness of key assumption changes applied in the provision. Reviewed the appropriateness of disclosures in the financial statements.	The restatement is to reflect that the provision should have been lower from fiscal 2018 when the decision to pursue the alternative treatment options were most probable as these options enable the Council to fulfil its responsibilities under the Resource Management Act 1991 more cost-efficiently than the initial estimate from 2012/2013. There is some level of judgement on the timing of the decision making but on balance the earlier period appears more reasonable as the 2013 option was not considered feasible at an earlier stage. Management has disclosed the impact of this restatement as required under accounting standards.

C. Areas of audit focus

Area of audit focus	Our approach	Audit findings
COVID-19 Impact The coronavirus (COVID-19) pandemic has affected economic and financial markets and there are a number of industries facing differing challenges associated with the current economic conditions. This global pandemic has also brought on a number of new risks including implications to financial reporting where additional accounting considerations may be required. These risks and further accounting implications have varied from business to business; the impact is seen to be less for those who are deemed an essential service or have been able to operate with minimal disruption.	The following key considerations were incorporated into our audit plan: • there is an inherent increase in the level of fraud risk. Our fraud risk assessment is a continual process throughout the audit engagement. Additional emphasis was placed on management override of controls, journal entry testing and challenging that the manual and IT internal control environment remains strong and robust to prevent and detect potential frauds; • discussed with management, the account balances most affected by COVID-19 and together with our own understanding of the operations, tailored our audit testing where necessary; • we focused attention on significant key judgements and assumptions that have been applied, particularly if these have changed considerably from the prior year and challenge the reasonableness of assumption changes applied in the current economic environment; • reviewed the appropriateness of disclosures in the financial statements.	As a result of Covid, the valuers for infrastructure assets, forest and assets held for sale have applied assumptions regarding the reasonably possible impacts of Covid-19 based on available information on 30 June 2020. This has led to them undertaking the indexation exercise on the basis of 'material valuation uncertainty'. The valuers have advised that less certainty should be attached to the report than would normally be the case. We note that a "material valuation uncertainty" in the context of a valuation does not mean the valuation cannot be relied upon for the purposes of financial reporting. The Council also accrued for an additional water charge of $280k as the nationwide lockdown in April prevented contractors from going out to read water meters. Management has disclosed the impact of Covid-19 in Note 1 of their financial statements.

C. Areas of audit focus

Sector wide area of focus

Area of audit focus	Our approach	Audit findings
Performance, waste and probity Ensuring that Parliament's expectations are met with respect to use of rate payer funds is a key feature of any audit in the public sector.	Our audit approach included a specific programme of work, as in previous years, covering the following aspects: • confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest etc; • testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice; • reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure.	We did not identify any issues in respect of performance, waste, and probity.
Managing conflicts of interest and related party transactions Councils are required to ensure that there are appropriate procedures in place to identify and manage conflicts of interest that related party disclosures in the financial statements are complete.	Our audit procedures on related party disclosures included searching public records for potential related party relationships (such as the Companies Office website). We also ensured any entries in the interests register were individually assessed, and those which met the definition of a related party transaction during the year were disclosed in the Annual Report. This included remuneration disclosures relating to the Councillors and key management personnel.	We are satisfied that related party transactions including remuneration disclosures relating to Elected Members have been appropriately disclosed in the annual report.

C. Areas of audit focus

Sector wide area of focus

Area of audit focus	Our approach	Audit findings
Financial prudence Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.	Our audit procedures included reviewing the disclosures and recalculating key ratios to determine whether Council was in compliance with these regulations.	We identified no issues in respect of legislative compliance. The financial statements include statements in relation to various benchmarks and the results in the period.
Legislative compliance and more specifically legality of rates The Council is subject to significant regulatory and legislative compliance requirements. The Council needs to have adequate systems in place to monitor compliance with legislation along with any changes occurring in the applicable legislation.	Our audit procedures included looking at Council's processes for ensuring legislative compliance, including specifically testing compliance with legislation that materially impacts on the financial statements. This included the Local Government Act 2002 and the Local Government (Rating) Act 2002. In particular extensive work was completed on the rates setting process, as outlined in the Areas of Focus section above.	We identified no issues in respect of legislative compliance.
Provincial growth fund The Provincial growth fund represents a $3billion investment of public money in projects and initiatives which aim to lift productivity potential in New Zealand's regions. The Council currently has Provincial Growth fund contracts relating too: (i) Kaipara Wharves (ii) Kaipara Kickstart (iii) Kaipara Water Storage (iv) Kaipara Roading	We reviewed all contracts in place. We focused on the risk that revenue may not be recorded in the appropriate accounting period due to incorrect recognition or deferral of revenue. This could arise from incorrectly identifying conditions or restrictions associated with revenue transactions or incorrectly applying the contractual terms associated with the timing of when revenue is recognised.	There are a number of conditions with this funding and revenue can only be recognised when each separately identified condition is met. We identified no misstatements in relation to revenue recognition or cut-off.

C. Areas of audit focus

Sector wide area of focus

Area of audit focus	Our approach	Audit findings
Fraud The primary responsibility for the prevention and detection of fraud rests with management and the Council, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditor, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.	Throughout the financial year we remained alert for issues that indicate fraud. Specifically our work involved: • formal inquiries of the Council, management and others within the entity regarding the risks of fraud within the Council including the processes in place to mitigate those risks; • documenting systems and internal controls used by the Council to prevent and detect fraud. In this area we will raise any weaknesses with management and the Council as applicable; • remaining alert for the existence of any confidentially clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and • reviewing the current fraud policy to ensure it follows OAG guidance and ensure management and employees are aware of the fraud policy and its content.	In the prior year, we were aware of a potential matter. In the current year, we reviewed the key controls management has put in place to prevent a similar incident from happening again. This review noted that two of the more important controls designed have not been operating throughout the year. A detailed recommendation in this area will be discussed in our management report.

D. Internal control findings

Assessment of internal control

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficiently to identify and assess the risks of material misstatement of the Council financial statements whether due to fraud or error.

We remind you that our audit is not designed to express an opinion on the effectiveness of the controls operating within the Council. We will report to management separately on our recommendations on controls that we identified during the course of our audit work. Our recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

The matter being communicated here is limited to that where we conclude there is a significant deficiency.

Significant Observations in the current period

We encountered numerous difficulties in receiving matching and reconciled data provided by the Council to the valuers and the data that was included in the financial system. These include:

- lack of timely reconciliation between the RAAM data and the financial ledger. We raised this recommendation in our last year management letter. As part of our planning and interim visit, we followed up on all recommendations made in our prior year letter and noted to management the importance of implementing this recommendation. However, this recommendation was not actioned when we came back for our year end visit;
- issues with reconciling the valuations reports to underlying financial and RAAM data;
- there is a time lag between recording the assets in the financial ledger and recording within the RAAM database. This is because assets are constructed across a period of time hence not recorded in the RAAM database until completion but contract payments have been made which are recorded in the financial ledger. This timing issue complicates the required reconciliations;
- construction and renewal information are not always updated in the underlying fixed asset database on a timely basis.;

Management have allocated additional resource and delayed the accounts signing to allow it time to ensure the integrity of the reports and we will provide recommendations relating to the noted observations in our management letter.

We expect to issue a Group Management Letter after the Audit, Risk and Finance Committee meeting.

E. Summary of **unadjusted** differences

For the financial statements our materiality was $1.378m

In performing our audit of KDC for the year ended 30 June 2020 we have not identified any uncorrected misstatements that management believe could, either individually or in aggregate, have a material effect on the financial statements for the year ended 30 June 2020.

The unadjusted differences we have identified are set out below.

Unadjusted misstatements identified	Assets Dr/(Cr) ($'000)	Liabilities Dr/(Cr) ($'000)	Equity Dr/(Cr) ($'000)	Profit or loss Dr/(Cr) ($'000)
Errors relating to current year				
Depreciation of pavement subbase	(500)			500
Overstatement of building consent fees due to timing of revenue recognition		(166)		166
Provision for doubtful debts on sundry debtors was understated	(87)			87
Water accrual is estimated to be higher than currently accrued for	180			(180)
Community loan receivable that may become doubtful	(100)			100
Presentation of capitalised staff time (Internal recoveries				(177)/ 177
GST refund not recoverable	(137)			137
Total current year errors	**(644)**	**(166)**	-	**810**

(1) Based on the preliminary information provided to us on the landfill remediation provision and property plant and equipment, we are expecting errors to arise in these areas.

E. Summary of **unadjusted** differences (continued)

Unadjusted misstatements identified	Assets Dr/(Cr) ($'000)	Liabilities Dr/(Cr) ($'000)	Equity Dr/(Cr) ($'000)	Profit or loss Dr/(Cr) ($'000)
Errors relating to prior year impacting this year:				
Activity income relating to Fonterra's Maungaturoto construction recognised in FY20 but should be recognised in FY19			(232)	232
Building consent fee income recognised in FY19 but should be FY20			433	(433)
Depreciation on infrastructure additions excluded from revaluation			81	(81)
Provision for doubtful debts on land rates recognised in FY20 but should be FY19			136	(136)
Contribution income recognised in FY19 but should be FY20			201	(201)
Total prior year errors	-	-	**619**	**(619)**
Total uncorrected errors (current year and prior year)	**(644)**	**(166)**	**619**	**191**

F. Summary of **adjusted** differences

In performing our audit of KDC for the year ended 30 June 2019 we identified a number of audit differences that management has agreed to adjust in its financial statements. The effect of these is set out below:

Adjusted misstatements identified	Assets Dr/(Cr) ($'000)	Liabilities Dr/(Cr) ($'000)	Equity Dr/(Cr) ($'000)	Profit or loss Dr/(Cr) ($'000)
Errors relating to current year:				
Water accrual adjustment from PY should not be included in CY balance	(106)			106
Understatement of NZTA Roading claim	476			(476)
Bickerstaffe Landfill costs incorrectly capitalised	(311)		311	
Reclassify contribution and consent journals from accrued revenue to income received in advanced	331	(331)		
Water rates receivable balance from PY should not be included in CY balance	(512)	512		
Landfill remediation provision – change in management estimate as a result of new information received in prior years		2,073	(2,073)	
Total corrected errors	**(122)**	**2,254**	**(1,762)**	**(370)**

G. Summary of audit adjustments - disclosures

In performing our audit of KDC for the year ended 30 June 2020, no material uncorrected disclosure deficiencies were detected in the financial statements.

Omitted disclosures assessed by management as not being material	Ref	Amount (where applicable)	Management's response
None			

Appendix 1: Purpose of report and responsibility statement

Purpose of report

This report has been prepared for the Council's Audit, Risk and Finance Committee and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 19th February 2020 and as required by New Zealand auditing standards.

This report is intended for the Council's Audit, Risk and Finance Committee (and other Council members) 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 and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the Council financial statements rests with the Council.

Responsibilities

We are responsible for conducting an audit of the Council for the year ended 30 June 2020 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 the Public Audit Act 2001, the Local Government Act 2002, the Financial Reporting Act 2013 and taking into consideration instructions received from the Office of the Auditor General, with the objective of forming and expressing an opinion on the Council's financial statements and groups of activity statements that have been prepared by management with the oversight of the Council. The audit of the Council financial statements and group of activities does not relieve management or the Council 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.

Appendix 2: Independence and fees

Effective 1 April 2020, the updated Code of Ethics (AAG PES 1) introduce a change to the Auditor-Generals' independence requirements by placing limitation on "other work" that can be carried out by auditors, over and above the work we carry out on behalf of the Auditor-General. We have obtained approval to provide the below services for the year ending 30 June 2020.

The professional fees earned by Deloitte Limited in the period from 1 July 2019 to 30 June 2020 are as follows:

	CY ($'000)	PY ($'000)	Notes
Fees payable to the Council's auditors for the audit of the Council's annual financial statements and summary financial statements	157	200	
Other assurance engagements relating to the Debenture Trust Deed and audit of the Register of Security Stock	11	10	
Fees payable to the OAG for the audit of the Council's annual financial statements and summary financial statements	11	11	
Total audit related and other assurance fees	**179**	**221**	
Online fraud and Corruption Awareness Training	-	5	
"Tip Offs" Whistleblower Service	10	8	(1)
Forensic investigation	17	11	(2)
Total services	**206**	**245**	

(1) The whistleblower service has been transferred to another provider in Sept'20.

(2) This is a one-off service provided during FY19 and FY20. The final report was issued August 2019 so the fees fall into the FY20 period

Appendix 3: Other communications

The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

Non-compliance with laws and regulations	In performing our audit of the Council for the year ended 30 June 2020, we have not become aware of any instances of non-compliance with applicable laws and regulations that may have an impact on the determination of material amounts and disclosures within the Council financial statements and statement of service performance. This area will continue to be assessed up to the date of signing and updates will be provided to you as required.
Accounting policies / Financial reporting	There were no changes in accounting policies during the year ended 30 June 2020. We have not become aware of any other significant qualitative aspects of the Council's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Audit, Risk and Finance Committee.
Related parties	No significant related party matters other than those reflected in the Council financial statements or statement of service performance came to our attention that, in our professional judgement, need to be communicated to the Audit, Risk and Finance Committee
Written representation	A copy of the representation letter to be signed on behalf of the Council has been circulated separately.
Other information	We have not read the other information (the financial and non-financial information other than the financial statements) contained within the annual report to consider whether there are material inconsistencies with the financial statements. Once received, if we identify any material inconsistencies between the financial statements and other information, we will bring them to your attention.

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