



Finance and Performance Committee

Meeting of 24 June 2026

Business Unit: Finance

Date Created: 17 June 2026

Audit of MDC Annual Report 30 June 2026

Purpose Te Aronga o te Pūrongo

To present Audit New Zealand's management report for the year ended 30 June 2025.

Recommendations Ngā Tūtohinga

That the Finance and Performance Committee receives the Audit New Zealand Management Report on the Manawātū District Council for the year ended 30 June 2025, noting the findings and management comments in the report.

Report prepared by:
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Chief Financial Officer

Approved for submission by:
Joel Richards
Chief Financial Officer

1 Background Ngā Kōrero o Muri

1.1 Audit New Zealand issued a non-standard audit opinion dated 31 October 2025. This means that there are two parts to the opinion:

1.1.1 Unmodified opinion on the Financial Statements: Audit New Zealand were satisfied that the financial statements present fairly the activity and position for the year and comply with the generally accepted accounting practice in accordance with the Public Benefit Entity Reporting Standards.

1.1.2 Qualified opinion on the levels of service reporting: This is due to a limited ability for the data to be confirmed around the measuring of consents and the qualification around the measurement of the number of complaints for the three waters areas.

1.2 Following completion of the annual audit, Council is provided with the draft report to Governors and is required to provide a management response to any items identified. This is then sent back to Audit NZ and reissued to Council as a final report.

1.3 Audit New Zealand raised six issues within the Management Report. Four of these issues are classified as medium priority and two as low priority.

1.4 Seven of the nine prior year issues have been closed.

2 Strategic Fit Te Tautika ki te Rautaki

2.1 Not applicable as this is a legislative item.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

3.1 Audit New Zealand identified four matters during the audit:

3.1.1 Local Waters Done Well Programme – at the time of audit the Secretary of Local Government had yet to approve Council’s Water Services Delivery Plan. This has since been approved.

3.1.2 Statement of Service performance – Auditors provided some feedback on Council’s presentation of service performance information within the Annual Report. This was incorporated into the adopted Annual Report.

3.1.3 Targeted Rates applied for 2025/26 – Auditor’s raised concerns around the Wastewater Targeted rate for serviceable properties which had inconsistent values between within the Annual Plan (\$841) and the adopted rates resolution (\$741). Council had made the decision to apply the lower rate to mitigate the risk of being challenged on this rate. Council has since obtained legal advice to support this approach.

3.1.4 Elected Member’s Remuneration - the Elected members were remunerated for an extra day during the 2024-25 financial period. The extra payment was made due to

an error in splitting up the yearly allowance into workdays. The remuneration was divided by 260 (standard workdays in a year), however the 2024/25 year had 261 workdays. Accordingly, the elected members were paid more than their yearly allowance. Council considered this over payment immaterial and chose not to take any further action.

3.2 Audit New Zealand had six recommendations to management following the audit. Management have responded with it's approach for implementing these recommendations. There were no new high priority recommendations as a result of this audit.

3.3 Seven of the nine prior year recommendations were closed.

4 Risk Assessment Te Arotake Tūraru

4.1 Not applicable.

5 Engagement Te Whakapānga

Significance of Decision

5.1 The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

Māori and Cultural Engagement

5.2 There are no known cultural considerations associated with the matters addressed in this report. No specific engagement with Māori or other ethnicity groups is necessary.

Community Engagement

5.3 No community engagement is required.

6 Operational Implications Ngā Pānga Whakahaere

6.1 The outstanding recommendations have the following status:

6.1.1 Review of Journals – These continue to be internally monitored with regular checks to make sure appropriate approval has been made. Once Council changes ERP to Datascape this review will be enforced by the software

6.1.2 Consolidation of Camp Rangi Woods – Council is unable to properly consolidate accounts with the trust due to mis-aligned financial years. However, the financials of the Trust are not considered material on consolidation to Council accounts.

7 Financial Implications Ngā Pānga Ahumoni

7.1 There have been no matters identified in the audit that are believed to present a financial risk to Council.

8 Statutory Requirements Ngā Here ā-Ture

8.1 There are no statutory requirements for this report.

9 Next Steps Te Kokenga

9.1 Management will implement recommendations outlined as outlined in Audit's Management Report

10 Attachments Ngā ĀpitiHanga

- Report to the Council on the audit of Manawatu District Council and Group
- Report to management on the audit of Manawatu District Council and Group