

Report to management

on the audit of Manawatu District Council and Group

For the year ended 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Introduction

We completed our audit of Manawatu District Council and the Group on 30th October 2025. The significant matters arising from the audit were covered in our Report to the Council dated 28th October 2025.

The purpose of this report is to report to management on relevant matters identified during the audit. It supplements the Report to Council, covering other matters identified and our recommendations for improvements. For each recommendation we provide an indicative priority rating.

We would like to thank management, and staff for the assistance they provided during the audit.



Debbie Perera
Appointed Auditor
28 November 2025

Recommendations



Ref	Priority	Recommendation	Why we are making this recommendation	Management comments
Performance measures				
1	🟡 Medium	Regularly review and consider the updated requirements for the performance measures to ensure compliance with all disclosure requirements.	We noted that DIA updated requirements in relation to the Drinking water safety performance measures which were not appropriately disclosed in the initial draft of annual report.	<i>These disclosures were resolved for the final annual report and will be reported correctly going forward.</i>
User Access Reviews for Ozone				
2	🟡 Medium	Perform user access reviews periodically to ensure assigned system access remain appropriate. Evidence of these reviews should be kept for reference.	When user access reviews are not carried out periodically, any user accounts with more privileges than needed will not be timely identified and corrected and result in unauthorised access. Regular reviews help identify and remove unnecessary or outdated access, reducing the risk of unauthorised data exposure or system misuse.	<i>A user review is being thoroughly conducted as part of the transition to Councils new ERP. Regular will take place going forward once in Datascope.</i>
Users not timely terminated on the system and Active Directory				
3	🟡 Medium	Promptly inform IT when users leave, and these should be timely terminated from both the system and Active Directory.	We noted some users that have been terminated but they still had access on Ozone and on Active Directory (AD). They were deactivated from the AD at a later date. This indicates that the access de-provisioning process is not applied consistently.	<i>The current process requires managers to notify IT when their staff leave so that access can be removed. We acknowledge that this has not always occurred consistently, which has led to the delays you identified. To address this, managers will be prompted and</i>

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			When users are not timely deactivated, it provides opportunity for unauthorised access by misuse of the terminated user's access privileges. Timely termination prevents unauthorised access.	<i>required to complete system offboarding steps in a more structured way, ensuring timely notification to IT and deactivation of accounts in both Ozone and Active Directory.</i>
Sensitive expenditure policy				
4	🟡 Medium	Review the sensitive expenditure policy to align with the Auditor-General's guide for public organisations on sensitive expenditure.	<p>Our review of sensitive expenditure policies against the Auditor-General's guide for public organisations on sensitive expenditure identified following points not specifically addressed:</p> <ul style="list-style-type: none"> • Specify the spending limits or boundaries being set. • Explain what is meant by "actual and reasonable", when these terms are used, and specify dollar limits. • Cover possible scenario's where claims are more than the agreed budget. • Mention traffic offences for rental vehicles. • Include procedures outlining the private use of a rental car should be limited to matters incidental to the business purpose and should also cover rideshare options. • Include clear guidance on what constitutes appropriate entertainment 	<i>Alignment with these guidelines will be incorporated into the policy review on May 2027.</i>

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			<p>expenditure in New Zealand and when travelling locally, regionally and internationally.</p> <ul style="list-style-type: none"> • Entertainment related expenditure should include clear guidance on whether alcohol will be paid for by the entity, and, if so, the circumstances and limits that apply • Entertainment related expenditure should state the type of meal and cost per head that is covered. • Entertainment related expenditure should include clear guidance about what is an acceptable level of expenditure, if any, on seasonal occasions such as a Christmas event. • Include, to the extent that it is practically possible within the requirements of the law, details around how it treats loyalty rewards accruing to staff carrying out their official duties as the property of the entity. <p>Additions of above will allow MDC to have a comprehensive sensitive expenditure policy which will promote Transparency and Accountability as well as reduce the risk of misuse or fraud.</p>	

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Provision for doubtful debts				
5	🟢 Low	Regularly assess debtors for impairment and recognise the appropriate provision for doubtful debts based on the requirements under the Expected credit loss (ECL) model by considering the prior history/trends and debtor specific considerations to ensure that the debtor balances are stated accurately.	We noted that the council chose not to make provisions for doubtful debts, being confident that the balances would be recovered. Provisions are only applied when recovery is deemed unlikely. However, PBE IPAS 41 requires provisioning on expected credit loss model rather than provisioning for debtor only when recovery is unlikely.	<i>This approach will be taken for the 2025/26 Financial Year.</i>
One up approval of Sensitive expenditure				
6	🟢 Low	Implement a one up approval process for all sensitive expenditure incurred.	We noted that the expense claims of the Mayor were approved by the Chief Executive, however, in line with best practice, the Mayor's expenses should be approved by Chair of the Audit and Risk Committee.	<i>For the majority of the financial year the Mayor had their expense claims approved by the Chair of the Audit and Risk Committee.</i> <i>Approval by the Chief Executive only occurred once Council had ceased at the end of the triennium and there were outstanding expenses waiting for approval. These will be reapproved by the Chair of the Finance and Performance Committee during the new triennium.</i>

Status of prior year recommendations

Open recommendations:

Ref	Recommendation	First raised	Status
1	<p>Review of Journals</p> <p>Ensure that all journals are appropriately independently reviewed and approved.</p>	2024	<p>Open</p> <p>From our testing of journals, we have identified one instance where there still was no independent approval.</p>
2	<p>Consolidation</p> <p>To ensure that:</p> <ul style="list-style-type: none"> • The District Council instruct the Camp Rangī Woods Trust to provide up to date financial statements • The necessary adjustments be made to consolidate the Trust’s financial statements (including adjusting accounting treatment where applicable). 	2020	<p>Open</p> <p>There has been no change in the current year.</p> <p>Council is still working to exit Camp Rangī Woods Trust, but this involves a legal process and is taking time</p>

Implemented or closed recommendations:

Ref	Recommendation	First raised	Status
1	<p>Payroll reviews</p> <p>To ensure that the review of the Masterfile Payroll Report, and the Company Controls Listing and Variance Reports are independently completed in the timely manner.</p>	2022	<p>Closed</p> <p>There were no issues noted with the approval process in the current year.</p>
2	<p>Recording of complaints</p> <p>To ensure that all complaints that are received through the Council call centre are logged into the systems.</p>	2024	<p>Closed</p> <p>There were no issues noted with the completeness of the complaints received being logged into the system in the current year.</p>
3	<p>Antenno</p> <p>To ensure that the time entered into the CRM system reflects the time of the initial request for service rather than the time the council have responded to the request.</p>	2024	<p>Closed</p> <p>There were no issues noted with the accuracy of the time of initial request for service being entered into the system in the current year.</p>
4	<p>Traffic Counts</p> <p>To ensure that traffic counts be peer reviewed after entry to ensure accuracy and validity</p>	2024	<p>Closed</p> <p>There were no material issues noted with the accuracy of the traffic counts as they are entered into the system by the contractor itself i.e. Roading Logistics Ltd.</p>
5	<p>RAMM Data Input</p> <p>To ensure that changes within the RAMM system be reviewed for accuracy, validity, and appropriate supporting documentation</p>	2024	<p>Closed</p> <p>There were no issues noted with regards to the changes within RAMM (now AWM) not being reviewed for accuracy & validity and lack of appropriate supporting documentation.</p>

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6	<p>NZTA Reconciliation</p> <p>To ensure that if claim budgets need to be reallocated, these are performed based on the actual usage amounts rather than the global budget level to ensure transparency and accuracy for NZTA claims.</p>	2024	<p>Closed</p> <p>There were no issues noted with the claim budgets reallocation during the year.</p>
7	<p>Duplicate line items in population for Resource Consents</p> <p>To ensure that the listings used for the development of the result for the performance measure for Resource Consents is complete, accurate and includes unique items only.</p>	2024	<p>Closed</p> <p>There were no issues noted during the year with regards to there being duplicate items in the population for Resource Consents.</p>
8	<p>Building and Resource Consents System Deficiencies</p> <p>To ensure that recorded processing times for Building and Resource Consent applications agree to underlying consent information and are reported consistently across relevant systems</p>	2022	<p>Closed</p> <p>There were no issues noted during the year with regards to the recorded processing times not agreeing to the underlying consent information and consistency of reporting across relevant systems.</p>
9	<p>Sensitive expenditure policy and system</p> <p>To ensure that the Sensitive Expenditure Policy complies with the OAG's best practice guidelines. Specifically, areas of travel, entertainment, and gifts.</p>	2019	<p>Closed</p> <p>The sensitive expenditure policy was revised during the year and reviewed with updated recommendations as included above.</p>

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