



**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau

10 March 2026

Sefton Vuli
Audit New Zealand
100 Molesworth Street,
Thorndon,
Wellington 6140

Kia ora Sefton,

Thank you for your Report to management for 2024/25 audit of SWDC.

Our responses to your recommendations are as follows:

1. DIA Mandatory Roding Performance Measure (Priority: High)

Auditor Recommendation:

Include all DIA mandatory performance measures in Council performance reporting.

SWDC Response:

Management acknowledges the requirement to report against all DIA mandatory performance measures. Work is currently underway to regain ability to report the customer response roding measure that was not included in the 2024/25 reporting year.

We are on track to begin reporting on this measure in the 2025/26 financial year, once the required data capture and reporting mechanisms are fully in place.

2. Fraud Policy – Alignment with AG ISA (NZ) 240 (Priority: Medium)

Auditor Recommendation:

Update the Fraud and Corruption Policy to align with AG ISA (NZ) 240, including reference to regular reviews of transactions, activities, or locations susceptible to fraud.

SWDC Response:

The Fraud and Corruption Policy has been updated and the draft is being reviewed by the Risk & Assurance committee on the 12th of March 2026. Following this Council will adopt the updated policy, with any changes from the Committee, in April 2026.

We note that AG ISA (NZ) 240 does not explicitly require a statement committing the Council to regularly review transactions, activities, or locations that may be susceptible to fraud. However, we acknowledge the intent of the auditor's recommendation and will incorporate these types of reviews into our internal control monitoring programme as part of ongoing continuous improvement.

3. Payroll System Migration – Documentation Protocols (Priority: Medium)

Auditor Recommendation:

Enhance formal documentation of roles, responsibilities, reconciliations, decisions and approvals during significant system migrations.

SWDC Response:

The observations relate to the Council's recent transition to a new payroll system. Throughout the migration, reconciliations and cross-checks were performed at every key step to ensure data accuracy and completeness. However, as a small council with close-knit operational teams, much of the communication and validation occurred through face-to-face discussions, Microsoft Teams, and email, rather than via a formally documented approval process stored in a central location.

We accept the recommendation and will consider implementing a more structured documentation and approval framework for any future system migrations, particularly where decisions and reconciliations may need to be demonstrated for audit purposes.

4. Fixed Asset Register – Assessment of Fully Depreciated but Active Assets (Priority: Low)

Auditor Recommendation:

Assess fully depreciated assets still in use and consider whether the useful lives of similar assets remain appropriate.

SWDC Response:

Council continues to improve the quality and completeness of data held in the fixed asset register, including the review of assets that are fully depreciated but remain in service.

While we acknowledge the auditor's observation, we do not consider it appropriate at this time to adjust the useful lives of similar assets or asset classes solely on the basis that certain assets have exceeded their initial estimated useful life. Many assets have been intentionally "sweated" as part of responsible asset management practices and funding considerations. We will continue to refine our asset information and review useful lives where there is clear evidence that the existing estimates no longer reflect asset condition or service potential.

Ngā mihi,

Bruce Robertson

Chair – Risk & Assurance Committee

Charly Clarke

Chief Financial Officer