

## Press Release

**Tuesday 26 August 2014**

### Council to take legal action against Audit New Zealand

Kaipara District Council will take legal action against Audit New Zealand for its role in the botched Mangawhai Community Wastewater Scheme.

At a Council meeting today, Commissioners accepted a staff recommendation that there were sufficient grounds to mount a legal case against Audit New Zealand for negligence. This relates to Council audits conducted by Audit New Zealand in the three years from 2006 to 2009.

In December 2013, the current Auditor-General Lyn Provost admitted that work undertaken for Kaipara prior to 2010 did not meet professional audit standards or the standards she herself expected. At community meetings, she apologised unreservedly to the people of Kaipara.

Mr Robertson said Ms Provost was not Auditor-General when the failings occurred and the Council had accepted her apology. However, it was not enough, he said.

“The fact is, Kaipara District Council engaged Audit New Zealand to carry out a professional service for which Audit New Zealand was paid. The service the Council received was extremely poor and there have been far-reaching consequences for this District.”

“As a result of Audit New Zealand’s negligence, huge costs have been imposed on the Kaipara District Council and its ratepayers. The simple fact is that Audit New Zealand did not identify the Mangawhai Community Wastewater Scheme project as a key audit risk or even an area of focus. It should have done so and that was made very clear in the report released by the current Auditor-General last year.”

Mr Robertson said the decision to take legal action was a very considered one and was not one Commissioners had taken lightly. Legal proceedings would be initiated by the end of October and given that, he was reluctant to comment further on this issue.

Ends

**For more information contact John Robertson on 09 439 3123**