



## **Fact sheet: Waste levy expenditure audits of territorial authorities**

### **Background**

The purpose of the Waste Minimisation Act 2008 (the Act) is to encourage waste minimisation and decrease waste disposal to protect the environment, and provide environmental, social, economic and cultural benefits. The Ministry for the Environment is tasked with administering the operational aspects of the Act including the collection of levies associated with waste.

Section 42 of the Act requires territorial authorities to promote effective and efficient waste management and minimisation within its district. Part 3 of the Act establishes a levy on waste disposed of at disposal facilities. Half of the levy is allocated to territorial authorities on a population basis. Section 32 of the Act requires that all waste levy money received by a territorial authority must be spent on matters to promote or achieve waste minimisation according to both the Act and its Waste Management and Minimisation Plan (WMMP).

### **Audit under the Act**

Under section 87 of the Act, the Secretary for the Environment can appoint an auditor to audit a territorial authority in respect of spending levy money and compliance with any prescribed requirement to keep or provide records or other information. Any findings from the audit are reported to the Secretary for the Environment.

### **What is an audit?**

A waste levy expenditure audit is an examination of information, processes and systems to assess how a territorial authority has spent waste levy money.

### **Why do we audit?**

The audits are undertaken as a second assurance step to clarify potential issues identified by the Ministry during a compliance review. The audits help provide specific assurance to the Secretary for the Environment that a territorial authority is spending their waste levy money in accordance with the Act. The specific objectives of a waste levy expenditure audit could include determining whether:

- waste levy money is spent appropriately and in accordance with WMMPs and the Act to achieve or promote waste minimisation
- waste levy money is being used as described in levy spend reporting to the Ministry
- the territorial authority keeps records of levy income and expenditure and that records are being kept in accordance with good record keeping practices.

The auditors will report on any process, documentation gaps, errors or issues identified and make recommendations to address any matters.

### **How long does an audit take?**

The audits are designed to cause as little disruption as possible and will usually take between two and four days on site, with some initial planning discussions before the visit and follow up after the site visit. There is no set time for an audit. How long it takes will depend on the quantity and diversity of the expenditure of waste levy money, the availability of appropriate staff, access to records and information and the adequacy of systems and processes in place to capture information on the use of waste levy money.

### **Preparing for the audit**

The Ministry will notify you two to four weeks before the planned audit to allow you enough time to prepare for the audit. A detailed guide on the audit process will be provided to you at this time to assist your audit preparations. Once notification has been provided, the auditor will contact you to finalise arrangements for the audit visit and outline the process and information required.

### **How are audits carried out?**

A number of procedures will be undertaken by the auditor during the audit. These may include:

- interviews with relevant staff
- examining information and records (both physical and electronic)
- examining policies, processes and systems.

### **Potential outcomes of an audit**

The audit may identify levy expenditure that has not been appropriately recorded or does not meet the requirements of the Act. If moderate or significant issues are identified, the Ministry will contact you regarding any withholding of levy money payments. The Ministry will also contact you regarding any process or system improvement findings identified as part of the audit.

### **Confidentiality**

Any information or records you give to an auditor will remain confidential and be kept secure. Auditors have a professional obligation not to disclose confidential information unless it is specifically required to meet the objectives of the audit or as required by law.

### **Further information**

If you require further information, contact the Waste and Resources team

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