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9(2)a

UFBA Chairperson
86 Main Road
Tawa, Wellington 5028

Dear 9(2)a

I am writing to advise that we will be commissioning an external auditor to complete an independent review of the UFBA funding from Fire and Emergency. This audit will have two objectives.

The first is to properly fulfil the requirements of the external audit we required UFBA to complete to assure us that all funding from Fire and Emergency has been used appropriately.

The second is to provide the Board of Fire and Emergency assurance that no Fire and Emergency funding has been used to fund the set up or operation of Tāngata Matatau. This additional requirement results from our concern over a number of issues related to Tāngata Matatau including the incorporation of a limited liability company. I have asked Rhys Jones to write separately to Bill Butzbach about other issues related to operational matters to do with Tāngata Matatau. However, it is important that I remind you that Fire and Emergency has not signed any formal agreements with Tāngata Matatau or become a member of Tāngata Matatau, therefore recent public statements that we are in full support do not accurately reflect our position. We ask that you cease making such public statements.

By way of background to the requirement for the audit last year the UFBA receives an annual grant from Fire and Emergency New Zealand to:

- Recognise, respect and promote the contribution of Fire and Emergency volunteers:¹
 - to the performance and exercise of Fire and Emergency functions, duties and powers under the Fire and Emergency New Zealand Act 2017 (“Act”)
 - to the maintenance of the wellbeing and safety of communities.

¹ See Section 36(1)(a) of the Fire and Emergency New Zealand Act 2017

- Assist Fire and Emergency to develop policy and organisational arrangements to encourage, maintain and strengthen the capability of volunteers²
- Carry out its consultation obligations under the Act³
- Provide specialist advocacy and support services to its volunteers⁴
- Assist Fire and Emergency to fulfil its good employer duties in respect of Fire and Emergency volunteers⁵.

We receive a comprehensive report from UFBA on a six-monthly basis as per our agreed performance monitoring framework on the areas we fund.

In May 2019, the Fire and Emergency Board approved UFBA funding for the 2019/20 financial year. That funding was expressly subject to UFBA agreeing, arranging and providing Fire and Emergency with an audit report from an external audit provider by the end of 2019. The scope of that external audit report was to examine whether the funding provided by Fire and Emergency had been used for the purposes for which it was provided and that the funded services had been delivered.

To facilitate this, Fire and Emergency and the UFBA agreed terms of reference for the external audit. These included:

- how much of UFBA cash reserves represent unutilised funding from Fire and Emergency, if any?
- whether the funding provided by Fire and Emergency has been used for the purposes the funding was provided for?
- whether services the funding supported have been delivered?
- the review period is from 2014 onwards.

In response to the above requirement, the UFBA conducted an internal review. Although we have not been provided with a copy, we also understand that a peer review of that work was completed by Grant Thornton. The UFBA presented its findings to Fire and Emergency in December 2019.

Fire and Emergency has carefully considered the UFBA's internal review and determined that it does not satisfy our condition that the funding be provided subject to an external audit of the UFBA's funding from Fire and Emergency.

As a Crown entity, Fire and Emergency is required to ensure that any funding we allocate is used appropriately, and for the purposes for which it was provided. In order to satisfy the original condition of the 2019/2020 funding, we still require an external audit.

It is therefore our intention to commission an external auditor to complete an independent review of the Fire and Emergency funding provided to the UFBA. We expect that the UFBA will fully cooperate with this external audit. When commissioning this external audit, our expectation

² See Section 36(1)(c) of the Fire and Emergency New Zealand Act 2017

³ See Section 36(1)(c) of the Fire and Emergency New Zealand Act 2017

⁴ See Section 36(1) of the Fire and Emergency New Zealand Act 2017

⁵ See Section 36 of the Fire and Emergency New Zealand Act 2017

is that the original terms of reference will be updated.

As indicated above, in addition to the original scope of the external audit, Fire and Emergency also requires that the terms of reference include:

- whether any Fire and Emergency funding has been used by the UFBA to establish Tāngata Matatau, both as an incorporated society and a limited liability company

We look forward to your confirmation that you will fully cooperate in this external audit.

Yours sincerely

Hon Paul Swain

**Chairman
Fire and Emergency New Zealand Board**

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