



Assessment of Issues Received in Relation to Water Safety New Zealand

Sport New Zealand

December 2024

Proactively released by Sport NZ under our commitment to open Government

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Executive Summary

Introduction

Sport New Zealand (Sport NZ) received a complaint detailing a set of issues relating to funding and programmes administered through Water Safety New Zealand (WSNZ). There are seven specific issues raised, detailed through this report, and a concern that these may be symptomatic of systems issues at WSNZ.

Sport NZ has asked KPMG to undertake an assessment of the complaints and provide a report summarising the findings. This review is authorised through section 10.3 of the Partnership Agreement between Sport NZ and Water Safety NZ.

This review was completed with a focus on providing Sport NZ findings as soon as possible. The fieldwork for this review took place over a two-week period, with consistent communication about discovery to Sport NZ throughout.

Objectives

To complete this review, KPMG undertook the following:

- Analysis of the specific issues raised to provide a determination of the veracity of the claims.
- A high-level review of the Water Safety NZ assurance and reporting processes to identify any obvious systemic gaps or weaknesses that may require further analysis.
- A review of reporting between service providers, Water Safety NZ and Sport NZ as well as any published accountability documents.

Summary

KPMG has undertaken an independent assessment of each of the issues raised by the complainant. Overall, we are satisfied that there was no evidence of misuse of funding or misrepresentation of reporting. We did identify some weaknesses around the quality and detail of reporting and note that WSNZ has taken steps to improve these in recent years, by focusing more on the outcomes of programmes they contribute funding towards, not participation volume.

Context of Findings

There are three key points of broader context that should be taken into consideration with the summary of findings. These are:

- 1 **Contributory funding model:** Water Safety NZ is primarily a contributory funder to the programmes in scope of the review. Funding is usually a comparatively lower contribution to overall programme financing, and reporting requirements would be proportionate to the level of risk and contribution. Providers will have multiple reporting requirements and funder expectations to meet and often have limited administrative capability to manage these.
- 2 **Maturity of Water Safety NZ:** We have noted through funding agreements, accountability reports and Board documents that there has been a maturing of WSNZ's investment management in recent years with a demonstrable change in strategic planning, contracting and monitoring, and including the recruitment of specialist expertise. This has moved the organisation towards more targeted investments to maximise impact around quality standards.
- 3 **Covid-19 Pandemic:** Several of the issues identified by the complainant relate to Covid-19 response periods, which was highly disruptive to the ability of providers to deliver group programmes, particularly in the pool. Many organisations were facing funding and sustainability pressures during this period. The WSNZ Board made a policy decision not to claw back funding from providers from the 2020 financial year.

Issue One

Information Provided by Complainant

Relevant Provider: DASH Swim School

“A request was made by a WSNZ staff member to a provider to falsify a document to inflate the impact and reach of a WSNZ funded programme.

At 6.19pm on Tuesday 27 June 2023 s9(2)(a) from DASH Swim School emailed their 2022/23 End of Year Report to WSNZ. Following the submission of the report s9(2)(a) from WSNZ contacted s9(2)(a) and asked DASH to adjust the numbers / reach in their report. On Thursday 29 June at 2.15pm s9(2)(a) resubmitted their End of Year Report. This report includes six programmes that were not funded by WSNZ.” (a)

KPMG Findings

KPMG reviewed all communications between DASH and WSNZ provided by WSNZ for the entire funding period. There is no evidence within these emails to suggest any communication happened between the identified WSNZ staff member and DASH swim school, aside from acknowledging the receipt of both the original 2023 EOY report and the revised version.

The changes made were easily identified and clearly related to information received by two schools not included in the original report. The change across the reports was a difference of 24 students, 10 from Corinna School and 14 from Tairangi School. This change was made as the DASH Swim School staff member received updated information from the schools around number of students completing the WSFL programme and thought it best to include this in the EOY Accountability Reporting. This story is consistent across WSNZ and DASH Swim School.

KPMG interviewed the Recreation Manager at Porirua City Council s9(2)(a), who is responsible for overseeing DASH Swim School. s9(2)(a) described the interactions between WSNZ and the swim school, and his reports matched those given by WSNZ.

Through interviews and reports from other providers we understand that a provider updating a report is not unusual given reporting timelines and reliance on multiple schools to provide information. Receiving an updated report soon after receiving the initial report would therefore have not been a surprise or trigger further follow up. We have no reasons to believe that any conversations occurred to result in parts of this report being falsified to inflate the impact and reach of WSFL. There was no clear benefit to either WSNZ or DASH Swim School in manipulating the report and it did not impact the level of funding provided through the funding agreement.

Issue Two

Information Provided by Complainant

Relevant Provider: Ngā Tai Tuatē a Taraika Swim Club

“Funding provided for programmes that either do not exist or do not match the description provided in WSNZ reporting.

In the 2022/23 funding round \$25,000 was awarded to Ngā Tai Tūātea a Taraika Swimming Club for the “delivery of a three-day Kaupapa Māori based open water skills programme for 300 rangatahi from the wider Te Whanganui a Tara community.” UP Foundation approached Ngā Tai Tūātea a Taraika to see whether Ngāti Toa rangatahi could participate in this WSNZ funded initiative. Ngā Tai Tūātea a Taraika advised UP Foundation that the programme described in WSNZ reporting did not exist. They said that the initial funding allocation had been proactively driven by WSNZ and that no programme was delivered in FY2023. They said programmes were now being delivered but these did not match the scope and scale described in WSNZ reporting. This is reflected in the Ngā Tai Tūātea a Taraika Swimming Club Annual Report 31 March 2023 (filed on the Charities Register) which makes no mention of the Kaupapa Māori based open water programme. The annual accounts shows that \$25,000 in WSNZ funding was used for travel and coaching for their swimming high performance programme.

In their FY2023 End of Year Report to Sport NZ WSNZ claimed that ‘all parts of the programme {were} delivered with 340 rangatahi Māori engaged.’ An additional comment was also added to describe the non-existent programme. “Authentic open water focused approach. Good engagement and support from local iwi and good reach into at risk rangatahi Māori in Wellington.” UP Foundation approached a second Wellington provider (who also receives an annual WSNZ funding grant), to see if they could support the Ngāti Toa initiative. They reported a similar interaction with WSNZ where they were offered funding proactively and were not required to deliver the services outlined in their funding contract. This provider is not subject to the Official Information Act and is not a registered charity so no record of how they spent their funding is available. The WSNZ 2024 Annual Report states that this entity has received \$101,413 in funding over the last two financial years.”

KPMG Findings

KPMG reviewed the funding agreements, and the accountability report provided by Ngā Tai Tuatē a Taraika which provided a detailed assessment of what was delivered in the programme and the outcomes achieved. The reported participation and outcomes clearly match the requirements in the funding agreement. The accountability report included specific details of attendance numbers, course activity and supporting information such as photographs taken during the programme. We compared the report to the 2024 agreements and reports to ensure there was no duplication of information.

KPMG were provided additional supporting evidence from the WSNZ relationship manager, s9(2)(a). This included photographs, participant testimonials and reports detailing the delivery. The WSNZ relationship manager also confirmed he attended the programme during its delivery and could provide details of others who also attended the programme. KPMG also interviewed s9(2)(a) of Ngā Tai Tuatē a Taraika, who provided a detailed overview of the programme, what was delivered, and the outcomes achieved, which matched reports provided by WSNZ. He was able to confirm the attendance of WSNZ employees and other partners. s9(2)(a) was unaware of any reason as to why the programme’s delivery would be questioned. (2)

We note that the complainant approached a second Wellington swimming provider, who also receives funding through a WSNZ grant. There were no details given about who this provider is and so we cannot comment on the interactions had here.

There are no discrepancies between reporting from Ngā Tai Tuatē a Taraika to WSNZ, and from WSNZ to Sport NZ. KPMG are satisfied that the 3-day swimming programme run by Ngā Tai Tuatē a Taraika was delivered as funded in 22/23 and that the programme met expectations.

Issue Three

Information Provided by the Complainant

Relevant Provider: Water Safety New Zealand

“Funding provided to projects / providers that ‘disappear’ from future reporting.

The 2021 WSNZ Annual Report lists 54 external providers that received funding in FY2021. In contrast only 29 providers are listed in the WSNZ FY2021 End of Year Report submitted to Sport NZ. In terms of overall expenditure, more than \$1m in funding disclosed in the Annual Report is missing from the reporting provided to Sport NZ. These admissions continue in recent reporting cycles. In no reporting period does the End of Year Report provided to Sport NZ match the financial information published in the WSNZ Annual Report.”

KPMG Findings

KPMG reviewed all the documents provided by the complainant and the original documents provided by WSNZ. This showed 54 providers listed in the Annual Report and 29 providers in the annual performance report to Sport NZ. WSNZ receives funding from both Sport NZ (including Lottery Grants Board, or LGB) and ACC as providers. Each funder has differing reporting requirements, and, in this case, Sport NZ required reporting specifically connected to the funds administered on behalf of the LGB.

KPMG reviewed a detailed business case approved by the Board of WSNZ that listed all 54 providers, as per the Annual Report, and how they were allocated across each funding stream that they are linked to – i.e. which programmes are funded by ACC and which by Sport NZ. The Board report was approved at the start of the funding year to signal and approve the funding allocations for WSNZ, this was not prepared after the fact.

KPMG reviewed the 2021 End of Year Report that listed the 29 programmed funded by Sport NZ for that year. This report matched the business case. The End of Year Report was specific to Sport NZ and would not be expected to include ACC funded programmes.

KPMG acknowledge that there could be confusion about the presentation of different funding numbers due to differing reporting requirements, but do not believe any information is being withheld. We do not believe it is necessary for WSNZ to separate programmes by funding source in its annual report.

Issue Four

Information Provided by the Complainant

Relevant Provider: DASH Swim School

“Inflated numbers reported by WSNZ to Sport New Zealand which overstate effectiveness of programmes.

In FY2020, FY2021, FY2022 and FY2023 DASH Swim School (Porirua City Council) was contracted by WSNZ to provide Water Skills for Life (WSFL) to over 4,000 tamariki per year (total reach targeted 17,300). In their WSNZ End of Year Reporting to Water Safety New Zealand DASH reported that their total reach during this four-year period was 6,098. However, in their reporting to Sport New Zealand, WSNZ reported that the programme reached 12,577 tamariki.”

KPMG Findings

KPMG reviewed all funding agreements, accountability reports to WSNZ and annual reporting from WSNZ to Sport NZ for the period 2019-2024. Using these three different documents for each year, KPMG looked to reconcile the different numbers reported by DASH and WSNZ to their respective funding partners.

The funding agreement between DASH Swim School and WSNZ states that the WSFL programme will be provided to 4000+ tamariki each year. This number was not consistently met across the financial years the complainant has identified.

KPMG notes that the accountability reports to Sport NZ included multiple fields for reporting participation numbers, covering different stages of the programme and different outcomes achieved. Through our analysis, we were unable to reconcile these numbers to the funding agreement, nor to the numbers given by the complainant, but it is clear that the targets were not achieved by any calculation. The annual report from WSNZ to Sport NZ had a different set of participation numbers that also didn't reconcile to either the funding agreement or the accountability report, but were clearly under the target.

In reports for the periods 2019 – 2021 which were impacted by Covid-19 restrictions, these impacts are clearly documented and included mitigations in response. DASH Swim School offered explanation as to why they did not meet their agreed WSFL targets, describing the impacts of COVID and the plans to complete the programme as intended in the following year. These same mitigating factors are not added to WSNZ's reporting to SportNZ, which could give the impression that the programme was completed as per the funding agreement. We didn't see any evidence of whether those mitigations were achieved or not.

KPMG doesn't believe there is any material benefit to either WSNZ or the provider from the under achievement of the target. WSNZ provides contributory funding that goes toward the fixed costs of running the programme and the maintenance of facilities. We did note that WSNZ has the ability to recover funding for non-delivery of programmes, and evidence that this has been applied to some programmes, but there was a Board decision to not recover funding for impacts due to Covid-19 restrictions.

KPMG does not believe there was any deliberate misrepresentation of reporting but there was clear weakness around the detail and accuracy of reporting.

The funding agreement specifies a targeted number, and although reports show DASH having a consistent programme delivery over a five year period, their numbers did not often match up to this target. This suggests a weakness in contract and outcomes planning holding both parties to account to a target that is unlikely to be achieved, or is subject to variances beyond their control.

However, in recent years there has been a shift from focusing on the delivery of a specified number to having funding agreements based on the quality standards of the programme delivery, which better aligns to WSNZ's funding purpose and ability to apply controls. In our interviews with staff it was noted that there is a clear focus on providing 'pool-side support' to providers and guidance around meeting quality and safety standards, which provides an additional level of assurance.

KPMG doesn't believe there is any deliberate or inadvertant manipulation of reporting, or any misappropriation of funding provided by WSNZ. We would recommend more robust outcomes planning to better design the funding agreements (which we note is currently occurring) and more rigour around performance reporting to ensure accuracy and consistency.

Issue Five

Information Provided by the Complainant

Relevant Provider: Christchurch City Council

“Public funding ring-fenced for school subsidies not passed on to schools.

In FY2020, FY2021, FY2022, FY2023 and FY2024 (inclusive) Christchurch City Council (CCC) received \$764,684 in funding to be allocated to Christchurch schools as a transport subsidy to attend WSFL classes. These subsidies are outlined in CCC's service contracts with WSNZ. However, across the five-year window only \$501,885.21 in subsidies was passed on to Christchurch schools. \$262,798.79 in subsidies were retained by CCC.”

KPMG Findings

KPMG reviewed the funding agreements with CCC which showed a contribution of funding toward transport subsidies intended to support school children to attend swimming programmes.

KPMG interviewed key staff from CCC about the transport subsidy process, who also provided a detailed breakdown of the process and controls. It was explained that the subsidy amount in the funding agreement was based on expected demand. To access the subsidy, schools will estimate how many students will access the programme, and CCC plan to fund for this number based on the distance from the school to the closest council facility. The amount paid was based on actual utilisation and therefore there will always be some variation. The Council staff were able to provide a detailed breakdown, and actual examples, of the assurance and controls applied to ensure that the subsidies were only paid for actual and legitimate use of the transport.

CCC funds the additional cost of the transport subsidy above the WSNZ contribution and any underspend in this area is repurposed as contribution toward the total cost of running swimming facilities and the swimming programme. The funding from WSNZ to CCC was approximately 25% of the total subsidy and therefore a minority contribution to the total cost. The level of subsidy passed to schools was consistently in excess of the funding received by WSNZ.

KPMG is satisfied that the funding provided by WSNZ was used for the intended purpose and was a contribution to the total cost of the transport subsidy. We have no evidence to conclude that CCC benefitted financially from the WSNZ funding or that there is any misuse of WSNZ funding.

There is an issue that the funding agreement referenced the estimated cost and not the actual costs which holds both parties to a level which was not going to be achieved. Any ambiguity could have been avoided by removing the estimated value and stating that WSNZ will contribute to the total and actual costs of the transport subsidy.

We note that in recent years funding agreements have been amended to describe funding for the participation in, and outcomes of, the water safety programmes which has removed this issue.

Issue Six

Information Provided by the Complainant

Relevant Provider: Christchurch City Council

“Providers declaring expenses but not income during the WSNZ funding process.

In their End of Year Reporting to WSNZ CCC record the expenses associated with providing subsidies to schools but do not declare the income they receive from schools. In FY2021, FY2022, FY2023 and FY 2024 CCC had undeclared income of more than \$1.95m. Expenses of \$396,905 for school subsidies was declared during the same reporting cycles.”

KPMG Findings

The funding received from Water Safety NZ was a contribution to the total cost of providing transport subsidies to schools, and we are satisfied that this is accurately reflected in both the funding agreement and accountability reporting. We saw no evidence of misrepresentation or misuse of WSNZ funding. KPMG interviewed staff from Christchurch City Council who shared detail and documentation across the school transport subsidy system. The subsidy is a contribution to the total cost of transportation and CCC has processes in place to manage the costs and revenue across the totality of this service. How CCC manages its financial accounts across services is not in scope of this review and therefore KPMG did not request further information on CCC financial accounts.

Issue Seven

Information Provided by the Complainant

Relevant Provider: DASH Swim School

“Contracts with providers not being enforced including the requirement to return unspent funds.

In FY2020 DASH Swim School received \$65,000 in funding from WSNZ for Water Safety For Life. In their End of Year Report DASH reported the following income and expenses. DASH retained the unspent funding and did not reinvest it back into the FY2021 or return it to WSNZ.”

Income	Expenses
WSNZ \$65,000	Students @ \$3.50 per lesson
Schools \$21,664	\$26,180
Total income \$86,664	Surplus \$60,484

KPMG Findings

In FY2020, DASH Swim School reported a surplus of \$60,484 at the end of the year. This is a result of the Covid-19 pandemic, which resulted in Porirua City Council, alongside all New Zealand, closing their facilities for a period of time. When these facilities were re-opened there was still restrictions around holding mass gatherings and ensuring social distancing, which limited the ability to run the WSFL swimming programme.

KPMG reviewed a FY2020 board paper that details the policy decision made by the WSNZ board to not require partner organisations to return their funding due to Covid disruptions. As a result, no funding was returned by DASH in FY2020. After our discussion with the Recreation Manager at Porirua City Council, we confirmed that the agreed option between WSNZ and DASH was to retain the funds and carry these through to the following year and deliver the programme with funds already allocated.

KPMG interviewed WSNZ staff and learnt that WSNZ’s policy for recovering funding is around gross underperformance or non-delivery of programmes. This is managed through their standard assurance frameworks and contract monitoring processes. We reviewed the FY2020 Funding Agreement and acknowledge the clause about recovering funds, and WSNZ provided KPMG with evidence of this being done for other programmes since 2019, however DASH Swim School has not been one of them.

Porirua City Council’s Recreation Manager confirmed the funding they receive for the WSFL programme is not redistributed outside of the programme but reinvested into the following year. The funding WSNZ provides is not enough to fund the full delivery of the programme, and so the council carries a large amount of financial burden to run the programme. The manager noted that WSFL is not a revenue earning programme, and it is rare to have money to carry over into the following year.

KPMG is satisfied that there is no inappropriate or misuse of the funding, however we note that these agreements could have been better documented and shown a clear audit trail to avoid any confusion or negative perception.



Appendix 1: Documents Reviewed

- Porirua City Council (DASH Swim School) & Water Safety NZ Funding Agreements
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
- DASH Swim School Accountability Reports
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
- All 2023 Correspondence between DASH Swim School and Water Safety NZ
- Water Safety NZ Reporting to Sport NZ (LGB funded programmes)
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
- Christchurch City Council & Water Safety NZ Funding Agreements
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
- Christchurch City Council Accountability Reports
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
- Nga Tai Tuatēa a Taraika & Water Safety NZ Funding Agreements
 - FY22/23
 - FY23/24
- Ngā Tai Tuatēa Taraika Accountability Reports
 - FY22/23
 - FY23/24

Appendix 1: Documents Reviewed

- Evidence Supporting Manaaki Mai Manaaki Atu – Water Safety Programme
 - “Supporting Information” email with photos and emails.
 - Manaaki Mai Manaaki Atu Holiday Programme Business Case
- Water Safety NZ End of Year Reports to Sport NZ
 - FY18/19
 - FY19/20
 - FY20/21
 - FY22/23
 - FY23/24
- Recovered Funding Transactions
 - FY19/20
 - FY20/21
 - FY21/22
 - FY22/23
 - FY23/24
 - FY24/25
- WSNZ Board Papers
 - 2024/25 Community Partnership Funding Decisions
 - Partnership Funding Approach 2024/25
 - CE Report – Board Meeting 17th April 2020
- Water Safety New Zealand 2021 Annual Report
- Business Case: Water Safety New Zealand Investment Programme 2020-2021
- Coronavirus Water Safety New Zealand Business Continuity Plan and Risk Assessment (revised 12/8/2020)

Appendix 2: Interviews Held

Water Safety New Zealand

- Anna Tootill - Board Chair
- Daniel Gerrard - Chief Executive
- s9(2)(a) – General Manager Partnership and Funding
- s9(2)(a) - Relationship Manager
- s9(2)(a) - WSNZ staff member involved in Issue 1.

Ngā Tai Tuatē a Taraika

- s9(2)(a) – Club Member

Porirua City Council

- s9(2)(a) - Recreation Manager

Christchurch City Council

- s9(2)(a) – Head of Recreation, Sports, and Events
- s9(2)(a) – Manager Active Recreation

Contact us

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