

**Chairperson and Committee Members**  
AUDIT AND RISK COMMITTEE

16 FEBRUARY 2017

Meeting Status: **Public**

Purpose of Report: For Information

**TIMETABLE FOR THE AUDIT OF THE 2016-17 ANNUAL REPORT**

**PURPOSE OF REPORT**

- 1 This report updates the Audit and Risk Committee on the proposed timetable for the audit of Council's Annual Report and Debenture Trust Deed for the year ended 30 June 2017.

**DELEGATION**

- 2 The Audit and Risk Committee has delegated authority to consider this report under the following delegation in the Governance Structure, Section B.3.
  - *Confirming the terms of engagement for each audit with a recommendation to the Council; and receiving the external audit reports for recommendation to the Council.*
  - *Obtaining from external auditors any information relevant to the council's financial statements and assessing whether appropriate action has been taken by management in response to the above.*
  - *The Committee has the authority to consider and recommend the adoption of the Annual report to Council.*

**BACKGROUND**

- 3 The Auditor-General is the auditor of all 'public entities', including Kāpiti Coast District Council.
- 4 Under section 32 and 33 of the Public Audit Act 2001, the Auditor General has appointed Ernst & Young to carry out the annual audit of the Council's financial statements and performance information for the years ending 30 June 2017 to 30 June 2019.
- 5 Fees for the audit of public entities are set by the Auditor General under section 42 of the Public Audit Act 2001.
- 6 The nature and scope of these audit engagements are set out in the Letters of Engagement as approved by Ernst & Young, Council and Council's Trustee, Covenant Trustee Services. The latter only being applicable to the audit of the Debenture Trust Deed.

## CONSIDERATIONS

### Audit Plan for the year ended 30 June 2017

- 7 Ernst & Young will present its audit plan for the audit of the 2016/17 annual report to the Audit and Risk Committee at its next committee meeting to be held on 27 April 2017.

### Audit Approach

- 8 Following agreement with Ernst & Young, the audit of the Council's financial statements and performance information for the year ended 30 June 2017 will be completed in two separate stages. Stage one comprises an audit of property, plant and equipment (PPE) and stage two comprises an audit of the financial statements, non-financial performance information and a full review of the draft 2016/17 Annual Report.

- 9 Stage one includes:

A substantive audit of PPE for the year ended 30 June 2017. PPE is the largest and most complex asset category on the balance sheet and a separate audit stage is allocated to PPE in isolation from the other financial statement elements. This is scheduled to take place from Monday 7 August 2017 to Friday 18 August 2017.

- 10 Stage two includes:

- A substantive audit of the draft financial statements for the year ended 30 June 2017 including a draft financial overview and a draft Annual Report Disclosure Statement (Prudence Benchmarks). This is scheduled to take place from Monday 14 August 2017 to Friday 1 September 2017
- A substantive audit of the non-financial performance information for the year ended 30 June 2017. This is scheduled to take place from Monday 14 August 2017 to Friday 1 September 2017.
- The audit of the Debenture Trust Deed for the year ended 30 June 2017 which is scheduled to take place from Monday 28 August 2017 to Friday 1 September 2017.
- A detailed review of the draft Annual Report. This is scheduled to take place from Monday 28 August 2017 to Friday 1 September 2017.

### 2016/17 Annual Report Adoption Timetable

- 11 The table below sets out the scheduled meeting dates of the Audit and Risk Committee, and Council meetings that are relevant to the adoption of the 2016/17 Annual Report.

12 Agenda items relevant to the 2016/17 Annual Report have been outlined.

<b>Meeting of...</b>	<b>Meeting Date</b>	<b>Agenda Items to include...</b>
Audit and Risk Committee	Thursday 27 April 2017	<i>For Review and feedback:</i> 1. <i>Ernst and Young's audit plan for the audit of the 2016/17 annual report.</i>
Audit and Risk Committee	Thursday 21 September 2017	<i>For Information:</i> 1. <i>Ernst and Young's Closing Report to the Audit and Risk Committee for the year ended 30 June 2017.</i> 2. <i>Ernst &amp; Young's Report on Control Findings for the year ended 30 June 2017.</i> <i>For Decision:</i> 3. <i>Review and recommend adoption of the 2016/17 Annual Report to Council.</i>
Council	Thursday 28 September 2017	<i>For Decision</i> 1. <i>Adopt the 2016/17 Annual Report.</i>

- 13 The table below summarises the combined timings of both the audit process and the Council meetings at which the audit outputs are tabled for information and or decision-making purposes, which will result in the adoption of the Annual Report.

Summary table of audit processes and related Council meetings

	W/C Mon	7 Aug	14 Aug	21 Aug	28 Aug	4 Sep	11 Sep	21 Sep	28-Sep
<b>Ernst &amp; Young Audit</b>									
<b>Stage 1</b>									
Substantive audit of Property, Plant and Equipment									
<b>Stage 2</b>									
Substantive audit of financial statements and Prudence Benchmark									
Substantive audit of non-financial performance information									
Audit of Debenture Trust Deeds									
Detailed review of draft Annual Report									
<b>Council &amp; Committee Meetings</b>									
Audit and Risk Committee									
Council									

## Policy Implications

14 There are no policy considerations at this stage.

## Legal Considerations

15 There are no legal considerations at this time.

## Financial Considerations

16 The total audit fees payable to Ernst & Young for the year ended 30 June 2017 are estimated to be \$182,608 plus GST and reasonable disbursements. This fee includes the audit of the 2016/17 Annual Report and Council's compliance with its Debenture Trust Deed for the year ended 30 June 2017. This fee estimate has been reflected in the 2016/17 Annual Plan.

## Tāngata Whenua Considerations

17 There are no tāngata whenua considerations.

## Publicity Considerations

18 There are no publicity considerations at this stage.

## **SIGNIFICANCE AND ENGAGEMENT**

19 This matter has a low level of significance under the Council Policy.

## **RECOMMENDATIONS**

20 That the Audit and Risk Committee notes the timetable for the audit of the Council's Annual Report and the Council's Debenture Trust Deed for the year ended 30 June 2017.

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