

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

28 FEBRUARY 2019

Meeting Status: **Public**

Purpose of Report: For Information

**TIMETABLE FOR THE AUDIT OF THE 2018-19 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 2019.

**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, the Council and the Council's Trustee, Covenant Trustee Services. The latter is only applicable to the audit of the Debenture Trust Deed.

## CONSIDERATIONS

Audit Plan for the year ended 30 June 2019

- 7 Ernst & Young is presenting their audit plan for the audit of the 2018/19 annual report to the Audit and Risk Committee at this meeting. (refer to Corp-19-725)

Audit Approach

- 8 Following agreement with Ernst & Young, the audit of the Council's financial statements and non-financial information for the year ended 30 June 2019 will be taking place from Monday 12 August 2019 to Friday 6 September 2019.
- 9 This year-end audit includes:
- A substantive audit of Property, Plant and Equipment (PPE). PPE is the largest and most complex asset category on the balance sheet that has the potential to materially impact future depreciation. A significant amount of audit time will be allocated to this category to ensure that it is appropriately accounted and valued.
  - A substantive audit of the draft financial statements (including a draft financial overview and a draft Report Disclosure Statement (Prudence Benchmarks)).
  - A substantive audit of the non-financial performance information (service performance measures).
  - A detailed review of the draft Annual Report and Summary Annual Report.
  - The audit of the Debenture Trust Deed for the year ended 30 June 2019.

### 2018/19 Annual Report Adoption Timetable

- 10 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 2018/19 Annual Report.
- 11 Agenda items relevant to the 2018/19 Annual Report have been outlined.

Meeting of...	Meeting Date	Agenda Items to include...
Audit and Risk Committee	Thursday 28 February 2019	<i>For Review and feedback:</i> 1. <i>Ernst and Young's audit plan for the audit of the 2018/19 annual report.</i>
Audit and Risk Committee	Thursday 12 September 2019	<i>For Information:</i> 1. <i>Ernst and Young's Closing Report to the Audit and Risk Committee for the year ended 30 June 2019.</i> 2. <i>Ernst &amp; Young's Report on Control Findings for the year ended 30 June 2019.</i> <i>For Decision:</i> 3. <i>Review and recommend adoption of the 2018/19 Annual Report to Council.</i>
Council	Thursday 26 September 2019	<i>For Decision</i> 1. <i>Adopt the 2018/19 Annual Report.</i>

- 12 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	12-Aug	19-Aug	26-Aug	2-Sep	10-Sep	17-Sep	24-Sep
<b>Ernst &amp; Young Audit</b>							
Substantive audit of Property, Plant and Equipment							
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 and Summary Annual Report							
<b>Council Meetings</b>							
Audit and Risk Committee					12/9/19		
Council							26/9/19

## Policy Implications

- 13 There are no policy considerations at this stage.

## Legal Considerations

- 14 There are no legal considerations at this time.

## Financial Considerations

- 15 The total audit fees payable to Ernst & Young for the year ended 30 June 2019 are estimated to be \$184,050 plus GST and reasonable disbursements. This fee includes the audit of the 2017/18 Annual Report (\$180,900) and Council’s compliance with its Debenture Trust Deed (\$3,150) for the year ended 30 June 2019. This fee estimate has been reflected in the 2018-38 Long Term Plan.
- 16 In addition to the above, the Debenture Trust Deed requires the Council to complete a full audit of its debt/security stock register. Council has engaged PricewaterhouseCoopers (PWC), the auditors of Computershare (the registrar), to complete this audit. The fee for this service is \$750 (inclusive of GST). This has been included in the 2018-38 Long Term 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’s Significance and Engagement 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 2019.

**Report prepared by**

**Approved for  
submission**

**Approved for  
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