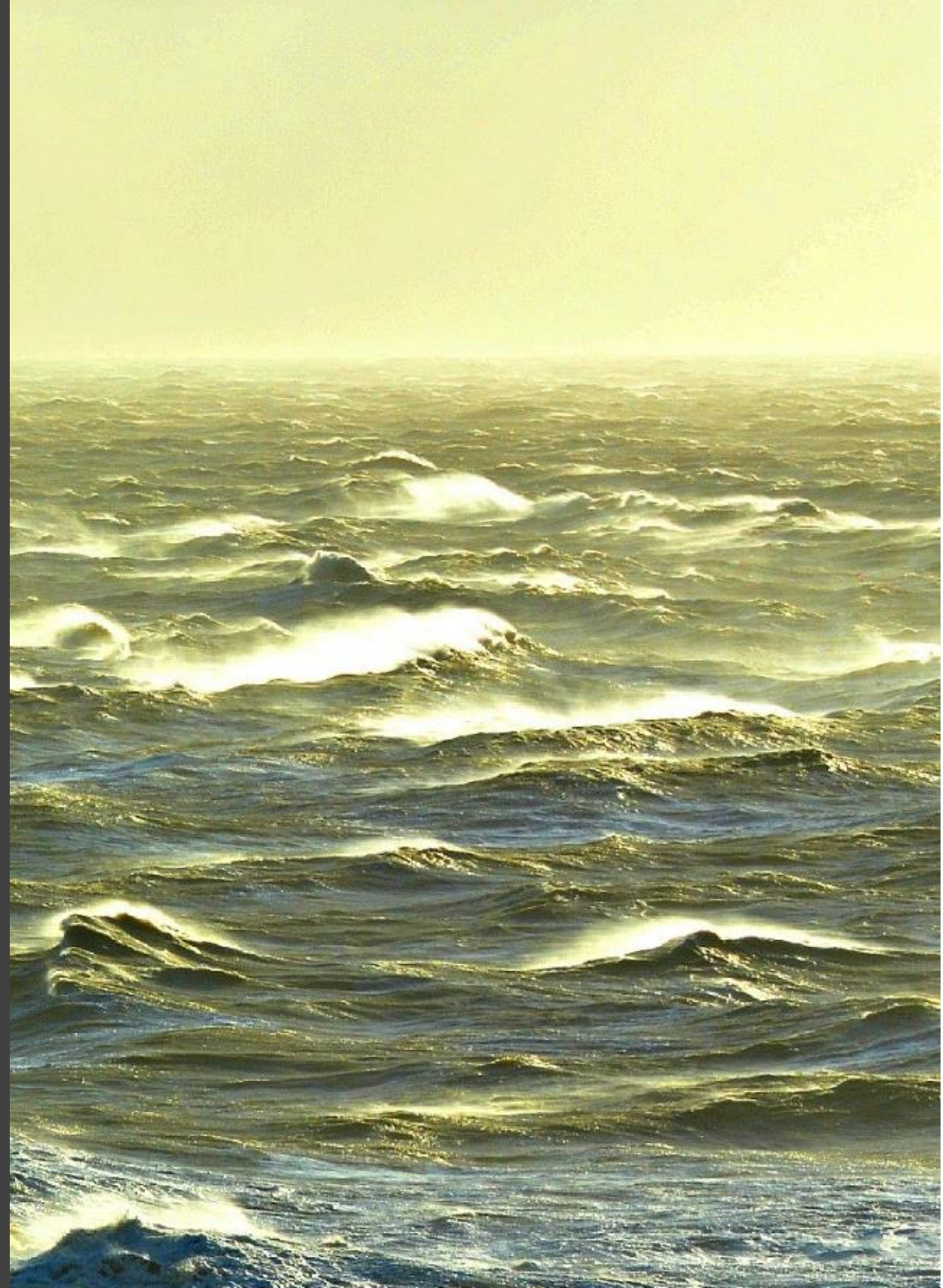


Kapiti Coast District Council

Closing report to Council for the audit of
the 2021-41 Consultation Document

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Welcome

Dear Council Members

We have substantially completed our audit of the 2021-41 consultation document for Kapiti Coast District Council ('Council').

Subject to the adequate resolution of the outstanding matters listed in the appendices, we confirm that we will issue an unmodified audit report with emphasis of matter paragraphs to draw attention to the disclosure in the consultation document relating to the uncertainty over three waters reform and the delivery of the capital works programme.

We have provided this report in our role as the appointed auditor of the Council on behalf of the Auditor-General in accordance with the Public Audit Act 2001. This report is intended solely for the use of Council, committees of Council and senior management, and should not be used for any other purpose nor given to any other party without our prior written consent.

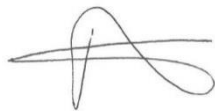
We would like to thank your staff for the assistance provided to us during the audit.

If you have any queries in the meantime, please feel free to contact Dave on 021 923 431 or Ahmed on 021 679 586.

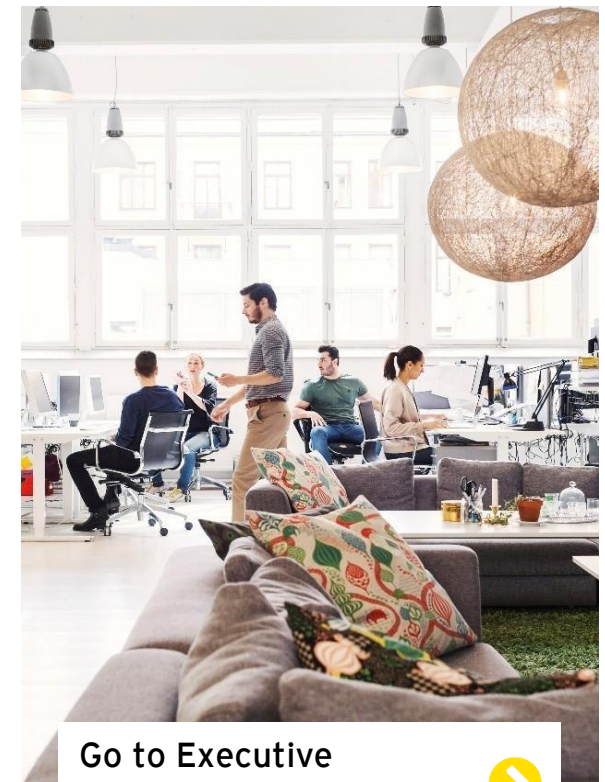
Yours faithfully



David Borrie
Partner



Ahmed Sofe
Senior Manager



**Go to Executive
Summary**



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STATUS OF AUDIT

6

outstanding items for an
unqualified audit opinion

We have substantially completed our audit of Council's consultation document for the period 2021-41. Subject to satisfactory completion of the outstanding items outlined in the appendices on page 15, we will issue an unqualified audit opinion with emphasis of matters relating to three waters reform and the capital works programme.

AREAS OF AUDIT FOCUS

4

key areas of focus where there
are potential risks and exposure

The areas of audit focus and level of complexity or management judgement applied are:

Infrastructure assets
Funding
Three waters reform
COVID-19 and climate change

HIGH

MEDIUM

MEDIUM

LOW

▶ See Areas of Audit Focus section for more details

SCOPE & MATERIALITY

\$3.6m

final materiality based on
average expenditure

Our audit procedures have been performed using a materiality of \$3.6m.

This is based on 2.25% of average expenditure over the 20-year period.

The threshold for reporting audit differences to the Committee is \$179k.

AUDIT DIFFERENCES

nil

unadjusted audit differences

- ▶ There are no unadjusted audit differences pertaining to the financial modelling for the 2021-41 consultation document.
- ▶ All audit adjustments identified during our audit have been corrected by management. See Audit Differences section for more details.

INDEPENDENCE

We confirm that we have complied with PES AG 1 Code of ethics for assurance practitioners, and in our professional judgement, the audit team and the Firm are independent.

CONTROL OBSERVATIONS

3

observations and recommendations to improve
processes and controls

None of the improvement opportunities identified were categorised as high-risk issues.

See assessment of Control environment section for more details.

Infrastructure assets

Key Judgements: Condition, performance, underlying data quality, ability to deliver

HIGH

Our Understanding

- ▶ Infrastructure assets is the most significant balance on Council's balance sheet with a 30 June 2020 carrying value of approximately \$1.48 billion. This is expected to double by the end of the 20-year long-term plan ("LTP") period.
- ▶ The financial modelling for the 20 year period show Council intend to invest significantly in infrastructure assets with the capital works programme representing a two to three-fold increase in the capital spend previously forecast in the 2018-38 LTP, particularly in the early years of the period.
- ▶ In addition to being a significant financial statement balance, infrastructure assets allow Council to deliver critical services to the community.

Asset condition and performance information

- ▶ The starting point for forward planning relating to infrastructure assets, and the delivery of core transport and water services, is Council's information on asset condition and performance. This information is collated from multiple sources including surveys, investigations, asset renewal activity, asset age, and interaction with third party consultants in their capacity as valuers or subject matter experts.
- ▶ Council's asset information is detailed in the asset management plans and summarised in the infrastructure strategy. For water assets (water supply, wastewater and stormwater) this includes descriptive information such as age, length, diameter, age profiles, condition and performance information, risk profile such as criticality of the assets and likelihood of failure. For transport assets, it includes physical parameters such as the nature of assets, length, width, formation, but also condition, age profile and performance of the network.
- ▶ The asset management plans also detail the confidence Council has over the information underpinning asset decisions such as condition and performance and how these are updated regularly. For roading, a network survey is completed periodically and provides information on condition and performance of assets through measuring and plotting the trend in the extent of shoving, rutting, potholes, cracking, scabbing and flushing. For the waters asset ongoing condition evaluations are undertaken through a systematic process based on

EY Perspective

In completing our assessment of the asset planning process we have completed the following procedures:

Asset condition and performance information

- | | |
|---|---|
| ▶ Reviewed Asset Management Plans and checked consistency between the Asset Management Plans, Infrastructure Strategy and consultation document. | ✓ |
| ▶ For a sample of significant Asset Management Plans, we obtained an understanding of how management assess and monitor the condition and performance of the assets. We checked that adequate performance and conditioning information was available and that those assets that are near the end of their lives or underperforming have been factored into the capital works programme. | ✓ |
| ▶ We checked the alignment of the Infrastructure Strategy and Financial Strategy with a particular focus on whether the planned capital works programme included in the Infrastructure Strategy is appropriately funded through the proposed funding in the Financial Strategy. | ✓ |

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Our Understanding

lifecycle knowledge, results of sampling and risk profiling, specific critical asset evaluations and sighting of assets by service crew when undertaking routine maintenance.

Whilst having measures of asset condition and performance is important it is also key that the quality of the data on which such measures are based is well understood. To evaluate the asset condition and data confidence Council uses a rating scale of 1 -5.

Asset Group	Asset Condition	Data Confidence
Water Supply	2 - Good	B - Reliable
Wastewater	2 - Good	B - Reliable
Stormwater	2 - Good	B - Reliable
Coastal	4 - Poor	B - Reliable
Access & Transport	3 - Satisfactory	A - Highly to B - Reliable

Key capital works activity for the next 20 years

- ▶ As part of the planning process, that included reviewing the asset condition and performance information included in the Infrastructure Strategy and Asset Management Plans we also considered the key planned projects for the LTP period including:
 - ▶ Kapiti Link road with a total planned spend of circa \$25m over the first three years;
 - ▶ Construction of the Waikanae Library for \$13.8m over the first three years;
 - ▶ Replacement of the Paekakariki seawall for approximately \$17m over the first 5 years;
 - ▶ The continuation of Town Centre projects consulted in 2015/35 LTP with costs estimated at \$41m;
 - ▶ Completion of the Waikanae Water Treatment Plant in 2022 at approximately \$12m;
 - ▶ Increasing yearly investment in stormwater upgrades and renewals from \$3.6m to \$6.4m, with total budget of \$178m over 20 years;

These and other projects will combine to result in over \$200m of capital spend for the first three years of the LTP period.

Achievability of capital works program

EY Perspective

Key capital works activity for the next 20 years

- ▶ Selected a sample of capital projects based on size, complexity and some from areas where Council has previously not delivered against budget and checked that the capital spend is supported by third party inputs or robust estimates. ✓
- ▶ Through our detailed review of a sample of projects we noted several needed adjustments whereby the capital expenditure for certain projects did not factor in inflation adjustments to determine the correct future cost. We have included these in our adjustment section below.

Achievability of capital works program

- ▶ The following analysis shows Council's historical performance in delivering against capital budgets on a category by category basis.

Activity	Average delivery against budget
Water supply	96%
Stormwater	112%
Wastewater	100%
Access & Transport	88%
Coastal	85%
Parks and Open Spaces	93%

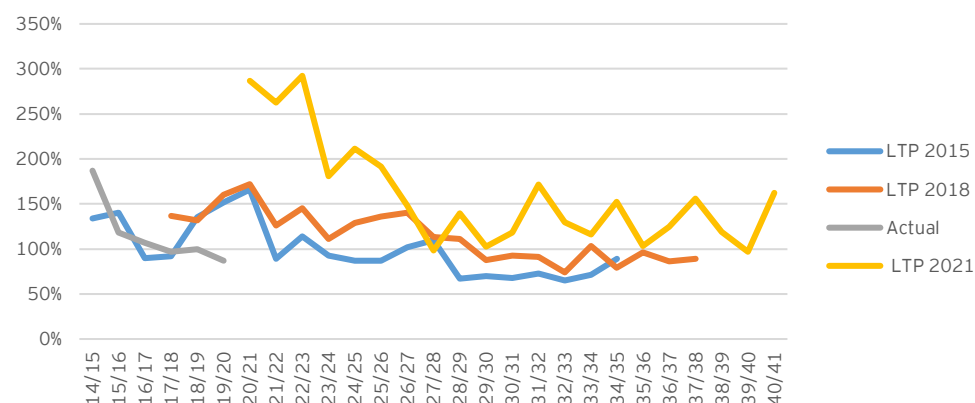
Our Understanding

- ▶ The financial modelling assumes that the capital works program will be completed without projects being delayed or deferred. This assumption has been critically assessed by both the management team and ourselves as auditors.
- ▶ A key consideration in determining Council's ability to deliver a program of capital work is historical performance in delivering capital projects. In addition, there needs to be consideration of any step changes in the scale of the capital works program.

Sustainable investment in infrastructure assets

- ▶ Capital expenditure, as a percentage of depreciation, is planned to be significant over the early years of the LTP period, before gradually reducing ahead of the next expected increase in capital spending to address a notable amount of renewals work for underground water assets. A high-level benchmark that can be used to determine if capital renewals work is progressing at a reasonable pace is the extent to which capital renewals are equal, or greater than depreciation.

Essential service benchmark - capital expenditure / depreciation



EY Perspective

- ▶ The forecast capital works program, particularly over the first three years of the LTP period, is a step change from what has been delivered historically. KCDC's approach to mitigating the risks associated with delivering a larger capital works programme has focused on:
 - ▶ Increasing the capability and capacity of the relevant teams;
 - ▶ Establishing a dedicated project management office;
 - ▶ The use of third party experts to assist with matters such as planning, design and costing, where appropriate;
 - ▶ Considering alternative procurement models such as partnering or collaboration with neighbouring Councils; and
 - ▶ Securing contracts for key projects occurring near future where possible.
- ▶ Whilst management is confident that the capital works programme will be able to be delivered the implicit assumption that this significant programme of work will be delivered over the coming three years is a key assumption underpinning the financial modelling for the LTP.
- ▶ We are satisfied that the disclosures in the consultation document and the assumptions paper appropriately outline the risks and mitigating actions relating to the forecast programme of capital work. As a result of the significant change in scale of the programme we will include an emphasis of matter paragraph in our audit report to draw reader's attention to the uncertainty associated with the delivery of the capital works programme and the disclosures included in the consultation document that adequately describe the risks and mitigating factors along with the implications if the increased capital programme isn't delivered.

Sustainable investment in infrastructure assets

- ▶ The graph of capital expenditure against depreciation shows the significant level of capital expenditure that is needed in order to be able to cover renewals, new assets, and capital work to accommodate growth. The higher level of capital work is focused in years one to three before reducing to a lower level for the remainder of the LTP period and then starting to increase again as notable renewals for underground water assets get underway post the end of the current LTP planning period.

Funding

Key judgements: Balanced budget, financial prudence

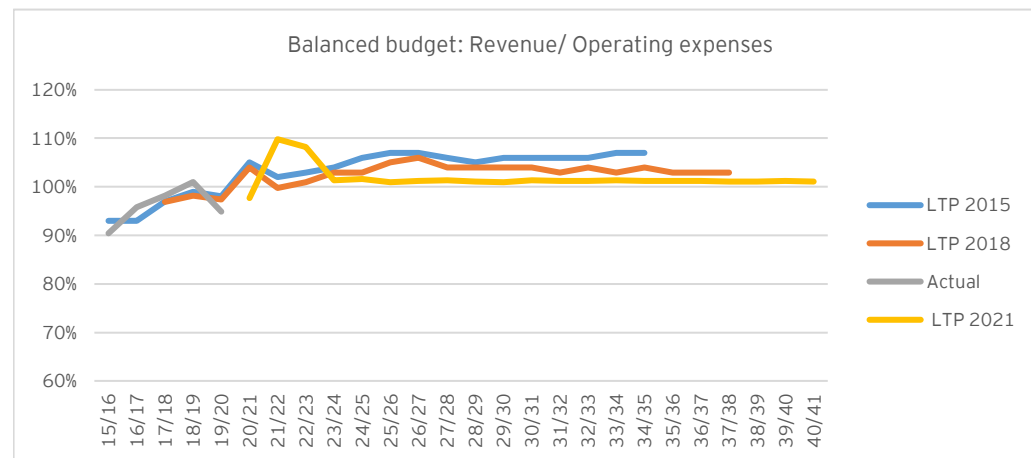
MEDIUM

Our Understanding

- ▶ Rates levied represents KCDC's primary revenue source. Rates along with subsidies and debt are the main funding sources to finance KCDC's activities. A key principle in the Local Government Act (the Act) is the requirement for Councils to manage their finances prudently.

Balanced Budget

- ▶ Section 100 of the Act requires Councils to balance the budget for each year forecasted meaning operating revenue is required to be equal to, or greater than, operating expenditure. If a Council chooses to not balance the budget for a particular year a resolution must be passed that it is prudent to do so having regard to levels of service, ability to fund the maintenance of assets, the equitable allocation of funding responsibility over the life of assets and the Council's funding and financing policies.
- ▶ Below we have provided a graphical representation of the range of balanced budgets that Council will be adopting for this LTP as well as the last two LTP's and the actual benchmarked achieved for each year from 2015/16.



EY Perspective

Balanced Budget

- ▶ KCDC has not met the balanced budget benchmark for four of the last five reporting years due to not funding some of the depreciation expense. The Council is working towards balancing its budget through committing to a financial strategy that progressively funds depreciation, with a target of fully funding depreciation by 2025. In the 2021-41 LTP KCDC have not forecasted any further deficits.
- ▶ The prospective statement of comprehensive revenue and expenses shows significant operating surpluses of \$48m, \$28m and \$37 for years one to three that is mainly due to the anticipated vesting of parts of state highways. The remainder of the LTP period shows an average surplus of \$10m that is primarily the result of capital work funded through operating revenue.
- ▶ Adjusting the surpluses for the elements relating to vested assets, development contributions and capital grants, results in the forecast performance for each year being approximately break-even.
- ▶ The consultation document clearly articulates KCDC's approach to financial management and the rationale for this.

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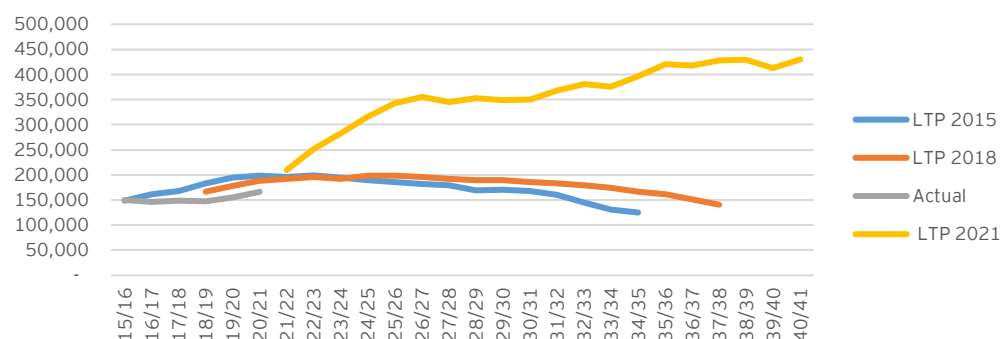
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Debt levels and rates setting

- ▶ To fund the uplift in the capital programme, debt is forecast to increase substantially over the period of the long-term plan. Net borrowing will increase by \$100m over the next three years or an average of \$31m per annum over the next 5 years before gradually reducing from 2026 onwards as the capital programme is scaled back. At the end of this long-term plan period net borrowing is projected to be \$430m (187% of revenue) compared to \$166m in 2021 (177% of revenue) both of which meet the Council green line strategy of maintaining debt at less than 200% of revenue.

Debt affordability benchmark, trends in net debt (\$'000)



- ▶ The forecast rates across the 20-year period are expected to increase on average by 3.8% (with a range of 2% to 8.6%). Substantial rates increases are forecasted for the first three years of the long-term plan as Council increase its capital spending.
- ▶ The rates increases forecasted are higher than those forecast in previous long-term plans (the last 2018 LTP proposed rates increase between 0% and 5.5%).

Debt levels and rate setting

Our work in relation to rates and debt included:

- | | |
|--|---|
| ▶ Obtaining an understanding of, and walking through the process for, how rates and debt are incorporated into the financial model. | ✓ |
| ▶ Obtaining the model for calculating borrowing and other capital funding and testing a sample of items of expenditure to check that the borrowing and other funding have been correctly calculated for those items. | ✓ |
| ▶ Checked that the Council's assumption that interest rates will be 3.45% in year 1, 3.15% in year 2 and 2.95% for the remaining period of the long-term plan had been consistently applied. | ✓ |
| ▶ Checked that the debtor's balances moved in line with rates. | ✓ |
| ▶ Checked the correlation between debt levels and the interest expense. | ✓ |

We note that one of the key assumptions with respect to the modelling of rates and debt is the interest rate assumed for the debt for the 20-year period. KCDC have assumed that borrowing rates will be between 2.95% and 3.45% for the 20-year period. While we acknowledge that Council is currently able to borrow at a lower rate than this through the LGFA there is a risk that these rates increase over the period covered by the long-term plan. Interest rates are currently at historical lows.

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Three waters reform

Key Judgements: Uncertainty relating to the reform programme

MEDIUM

Our Understanding

- ▶ Central and local government organisations continue to consider the challenges of regulating and delivering three waters services. New legislation has been passed and a new water services regulator, Taumata Arowai, has been established.
- ▶ Key challenges in delivering water services include obtaining relevant and reliable information about assets and appropriately reinvesting in the three waters' networks. The Government considers structural reform as the most effective way to address these challenges. As a result, it has started the three waters reform programme.
- ▶ The three waters reform programme will likely result in water service delivery entities that:
 - ▶ Have sufficient scale to generate benefits from aggregation;
 - ▶ Have ownership of the water assets with a mandate to explore how to achieve better access to capital and alternative funding mechanisms; and
 - ▶ Will be structured as statutory entities.
- ▶ SOLGM has proposed that territorial authorities assume no change in the current structure of the three waters delivery in long-term plans.

EY Perspective

We will include an emphasis of matter in our opinion with respect to the uncertainty associated with the proposed three water reforms programme. Key considerations in coming to this conclusion are as follows:

- ▶ The proposed three water reforms programme considers structural changes to how water supply and waste-water assets are owned and managed (with the potential for stormwater assets to be included).
- ▶ These changes, whilst still uncertain, are likely to occur in the medium term and will also likely significantly change what Council has assumed will be in its remit for the long-term plan period.

COVID-19 and climate change

Key Judgements: Impact of COVID-19 and climate change

LOW

Our Understanding

- ▶ On 11 March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Two weeks later, New Zealand declared a state of emergency and moved to COVID-19 Alert level 4 in response to the pandemic.
- ▶ The outbreak and the response of the Government in dealing with the pandemic continues to interfere with general activity levels within the community, the economy and the operations of businesses generally. In particular border controls and the timing and availability of vaccines creates ongoing uncertainty.
- ▶ KCDC has factored into the financial modelling the impact of Covid-19 on expected growth levels and the implications of Council's larger capital programme that is intended to have a financial stimulus effect. The pandemic has also impacted the global supply chain which may affect the availability and cost of some infrastructure asset components. These factors are considered when assessing the deliverability of the capital programme forecasted.
- ▶ Councils are responsible for planning for and providing infrastructure, managing land use, and avoiding or reducing risks from natural hazard events such as floods, storms, and sea-level rise. Climate change is changing the severity and frequency of these events.
- ▶ Responding to climate changes is key theme of this long-term plan driven by the declaration of a climate emergency by KCDC in May 2019 which reaffirmed its commitment to carbon neutrality by 2025.
- ▶ Areas of potential impact include:
 - ▶ three waters services - increased waste-water overflows from heavy rainfall, and flood mitigation assets not working;
 - ▶ the transportation network - disruption from sea-level rise or flooding and landslides leading to increased maintenance costs; and
 - ▶ coastal infrastructure and property - sea-level rise causing coastal erosion that will put property and assets at risk.

EY Perspective

- ▶ We have obtained the assessment performed by management regarding the impact of COVID-19 and climate change on the district. Through our testing of key Asset Management Plans, assumptions, and strategies we checked the assumed impact has been consistently factored into planning and modelling.
- ▶ The financial forecast reflects the potential impacts from Covid-19 in the short term, with reduced migration and economic activity limiting growth in the first three years. Growth is then anticipated to recover to levels similar to those experienced in more recent years.
- ▶ To counter the effect of Covid-19 Council has adopted a recovery plan that covers a wide range of actions including an increased capital spend.
- ▶ For areas identified as being impacted or at risk of being impacted by climate change, we have checked that the future costs include an element of climate change as outlined in the respective Asset Management Plan and Supporting document to the consultation document. Council has used the climate change assumptions provided by the Greater Wellington Regional Council for Kapiti.
- ▶ We have reviewed the assumptions and disclosures that Council have included in relation to both COVID-19 and Climate change against the levels of risk they determined for each area and we are satisfied that Council have adequately considered these and provided readers with a sufficient level of detail that matches the level of impact and risk.

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Summary of adjusted audit differences – 20-year financial model

The following table contains a list of adjustments that have been corrected by management.

	Assets (Decrease) / Increase (\$000)	Liabilities Decrease / (Increase) (\$000)	Equity/P&L (Decrease) / Increase (\$000)
Adjustment to correct projects with no inflation factor applied.	12,951	(12,951)	0
Total	12,951	(12,951)	0

Summary of unadjusted audit differences – 20-year financial model

There are no unadjusted audit differences relating to the prospective financial statements

Assessment of control environment

Internal Controls

As part of our audit of the consultation document, we obtained an understanding of the internal control environment relevant to forecasting and planning for the coming 20 year period in order to sufficiently plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we communicate to you significant deficiencies in internal control. We confirm that there are no significant deficiencies that we would like to bring to your attention.

Throughout our audit we communicated to management observations regarding control matters and other issues arising from our procedures. Suggested improvement points that we are currently working through with management are as follows:

Risk Ratings	H	M	L	Total
Increasing the impact of documents used for community engagement	-	-	1	1
Approach to financial modelling	-	-	1	1
Balancing the content of community engagement documents	-	-	1	1
Total points	-	-	3	3

Key:



High Risk - Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within 3 months.



Medium Risk - Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within 6 months.



Low Risk - A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.

Detailed findings

Increasing the impact of documents used for community engagement

Community engagement is always a balance of keeping communication succinct and communicating the key information that is pertinent to the decisions to be made. Keeping material succinct and clear allows it to be more accessible. While we acknowledge there is a lot to communicate in the 2021-41 Consultation Document, we would suggest in future documents there would be an opportunity to be more concise without losing the key message in the story that needs to be told. For context management could refer to documents produced by other Councils that have been acknowledged by SOLGM, the OAG or other independent parties for their effectiveness.

Approach to financial modelling

Council uses MagiQ software as the modelling tool to prepare some of the forecast financial information. The statements of comprehensive revenue and expenses and funding impact statements are modelled within this system. However; due to system limitations the balance sheets, statements of changes in equity and statements of cash flows are prepared manually using spreadsheets. Spreadsheets are also used for preparing the financial prudence benchmarks and other information relating to the Consultation Document. Completing financial modelling manually in excel is more time consuming and there is a greater risk of errors. We recommend management consider completing more modelling in MagiQ and understand this is currently being investigated.

Balancing the content of community engagement documents

The primary purpose of a Consultation Document is to obtain community feedback on the preferred options for matters being consulted on. For the KCDC 2021-41 Consultation Document these matters are community housing, the Paekakariki seawall, setting up a CCO and the airport. While all of these matters are important to the community in different ways none have a significant impact on Council's finances in the near term or are critical to the delivery of core water and transport activities. Conversely the scaling up of the capital works programme will approximately triple planned capital spend in some years and double debt over the long-term plan period. Outside of those items required to be consulted on because they trigger Council's Significance and Engagement Policy there is judgement regarding matters where Council determine consultation is warranted. In future documents used for community engagement we recommend Council consider the balance between consulting on items that have a notable impact on Council's financial position and performance and those that are of importance for other reasons.

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Outstanding matters

The items in here relate to outstanding matters at the date of the release of this report.



Independence

Describes how we have complied with independence requirements.



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Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility	
Final Consultation document	Our review of the updated consultation document after final changes have been made including the formatting.		
Final Asset Management Plans	Receipt of final Asset Management Plan which include the latest budget and our review thereof.		
Consultation Document Supporting Information	Our review of the information supporting the consultation document that will be adopted by Council.		
Representation letter	Receipt of signed representation letter		
Council approval of the Consultation Document and the Consultation Document Supporting Information	Receipt of Council approval of both documents.		
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report		

Key:



EY responsibility



Management responsibility

Independence

We confirm that in our professional judgment the engagement team and the Firm are independent.

We are satisfied that all EY locations world-wide which have provided services in the past or are currently providing services to Council have complied with the relevant independent requirements. We are satisfied that the services provided by EY do not impact our independence.

We are not aware of any relationships between the Firm or other firms that are members of the global network of EY firms and Council that, in our professional judgment, may reasonably be thought to bear on independence.

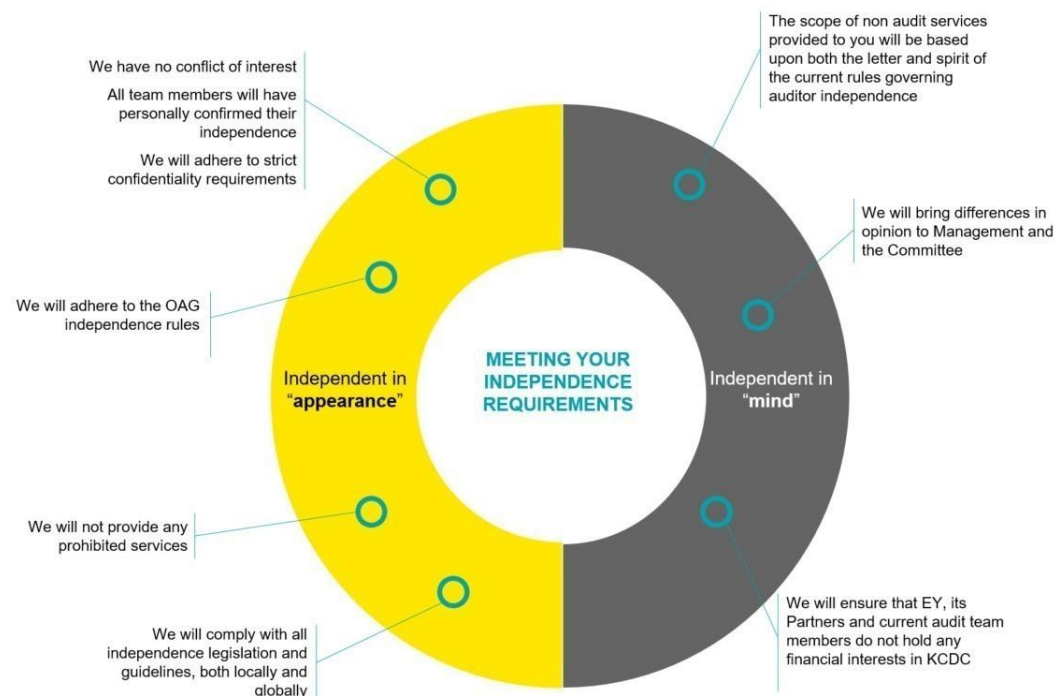
We highlight the following services that we have performed:

Description of relationship or service	Safeguards adopted
Debenture Trust Deed reporting	Independent assurance services
Audit of the Annual Report	Independent assurance services

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves.

Independence

We confirm that we have complied with the NZICA Code of Ethics' and the Professional and Ethical Standard 1: *Code of Ethics for Assurance Practitioners*' independence requirements, and in our professional judgement, the engagement team and the Firm are independent.



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ED None

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To the reader:

**INDEPENDENT AUDITOR'S REPORT ON KAPITI COAST DISTRICT COUNCIL'S CONSULTATION DOCUMENT
FOR ITS PROPOSED 2021-41 LONG-TERM PLAN**

I am the Auditor-General's appointed auditor for Kapiti Coast District Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Ernst & Young. We completed our report on xx March 2021.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-41 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and the District, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

Uncertainty over three waters reforms

Pages xx and xx outline the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based.

Uncertainty over the delivery of the capital works programme

Pages xx and xx outline that the council is proposing an ambitious capital expenditure work programme. While the Council has put in place a number of initiatives to deliver its work programme it recognises the challenging

environment it is operating in, with pressures on the availability of materials and specialist contractors. If a project is affected by this, it could have implications for costs and associated funding, and levels of service.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



David Borrie
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

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