

21 June 2018

Julian Tan  
Director  
Audit New Zealand  
PO Box 2  
Christchurch 8140

Dear Julian

### **Letter of representation for the audit of the Long-Term Plan**

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, to provide a report on Canterbury Regional Council's (the Council's) long-term Plan (LTP) for the 10 years commencing 1 July 2018.

This representation letter is provided to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on:

- whether the LTP gives effect to the purpose set out in section 93(6) of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

We understand that your audit was carried out in accordance with 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 understand you took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion about whether the LTP provides a reasonable basis for long-term integrated decision-making by the Council and for accountability of the Council to the community, and whether the information and assumptions underlying the forecast information in the LTP are reasonable. We understand the audit would not necessarily disclose any or all irregularities should any exist.

We acknowledge that actual results are likely to be different from the forecast information because anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion about whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the LTP.

We confirm, to the best of our knowledge and belief, the following representations:

## **General**

- 1 The Council accepts that it is responsible for the preparation of the LTP that meets the requirements of the Act.
- 2 In complying with the requirements of the Act in relation to the LTP, we have acted in such a manner and included in the LTP such detail as we consider on reasonable grounds to be appropriate.
- 3 The LTP has been prepared using the best information currently available to the Council and accordingly the forecast information included in the LTP is our best forecast of anticipated events for the 10 years commencing 1 July 2018.
- 4 The LTP has been prepared and is consistent with Council's own policies and strategies and the strategies and policies of other organisations where appropriate.

## **Underlying information and assumptions**

- 5 The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information are reasonable and supportable in the context of the Council's position and have been based on the best information currently available to the Council. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council, and have been consistently applied.
- 6 All significant forecasting assumptions have been included in the preparation of the forecast information and have been clearly identified in the LTP. Where significant forecasting assumptions have a high level of uncertainty, that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been provided.
- 7 The LTP includes all the items of operating expenditure and capital projects the Council reasonably expects will be done in the 10 years covered by the plan, based on the best information currently available to the Council.
- 8 The forecasts of capital expenditure and operating expenditure are supported by, and consistent with, underlying information such as asset management plans and the infrastructure strategy.
- 9 The records maintained by the Council were adequate for the preparation of the Council's LTP.

- 10 We have made available to you all supporting documentation on the information and assumptions underlying the forecast information used to prepare the LTP.
- 11 All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

### **Performance framework**

- 12 The forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. The performance measures reflect the intended levels of service for those activities the Council has chosen to carry out in response to community consultation and legislative requirements. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

### **Systems and processes**

- 13 The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance about the integrity and reliability of the forecast information. The Council has maintained effective systems and processes, and they have operated to generate accurate and reliable forecast information.

### **Legislative compliance**

- 14 The Council accepts that it is responsible for ensuring that all applicable aspects of the Act that affect the LTP have been complied with. To the best of its knowledge, the Council has complied with all legislative requirements in the preparation of the LTP.
- 15 The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content considered for inclusion and exclusion from the LTP.
- 16 The Council followed the special consultative procedures outlined in the Act in relation to the consultation document. All changes to the underlying information resulting from consultation have been appropriately reflected in the LTP.
- 17 We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in accordance with section 76AA of the Act.
- 18 The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities, and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the LTP.
- 19 The Council has adopted and applied the following policies in the development of the LTP:

- a revenue and financing policy that complies with section 103 of the Act and has been prepared after consideration of the matters outlined in section 101(3) of the Act;
- a liability management policy that complies with section 104 of the Act;
- an investment policy that complies with section 105 of the Act;
- a policy on development contributions or financial contributions that complies with section 106 of the Act;
- a policy on remission and postponement of rates on Māori freehold land that complies with section 108 of the Act; and
- a rates postponement policy adopted under section 110 or rates remission policy adopted under section 109 of the Act.

These policies have formed the basis for the financial parameters used in the preparation of the LTP.

- 1 All the information required by Part 1 of Schedule 10 of the Act has been included in the LTP.
- 2 All the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 has been included in the LTP.

### **Generally accepted accounting practice**

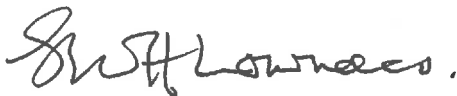
- 20 The accounting policies applied to the forecast financial statements comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements has been disclosed in the LTP.
- 21 The estimated effect of the revaluation of service delivery assets has been incorporated into the LTP.
- 22 The forecast financial information has been prepared and presented in accordance with PBE FRS 42 Prospective Financial Statements.
- 23 The forecast financial information has been prepared in accordance with the accounting policies.
- 24 The Council's assumption about future price changes on the forecast financial information is based on the best information currently available to the Council and is reasonable and supportable.

## **Publication of the LTP and related audit report on the Council's website**

- 25 The Council accepts that it is responsible for the electronic presentation of the audited LTP.
- 26 The electronic version of the audited LTP and related audit report presented on the website are the same as the final signed version of the audited LTP and audit report.
- 27 We have clearly differentiated between audited and unaudited information in the preparation of the LTP on the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- 28 We have assessed the security controls over audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- 29 Where the audit report on the full LTP is provided on the website, the LTP is also provided in full.

These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours sincerely



**Steve Lowndes**  
Chair