

19 September 2019

Julian Tan  
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Dear Julian

### **Representation letter for the year ended 30 June 2019**

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of portfolio performance of Canterbury Regional Council (Regional Council) for the year ended 30 June 2019 for the purpose of expressing an opinion about whether:

- The financial statements:
  - present fairly, in all material respects:
    - the financial position as at 30 June 2019; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The funding impact statement presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.
- The statement of portfolio performance:
  - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2019, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand.
- The statement about capital expenditure for each group of activities presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long-term plan.
- The funding impact statement for each group of activities presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

### **General responsibilities**

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control, to the extent that is reasonably practical given the size of the Regional Council, to prevent and detect fraud.

### **Representations on the financial statements and the statement of portfolio performance**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of portfolio performance, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- We have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of portfolio performance as required by the Local Government Act 2002 and, in particular, that:

- The financial statements:
  - present fairly, in all material respects:
    - the financial position of the Regional Council as at 30 June 2019; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of portfolio performance:
  - presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2019, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand.
- The funding impact statement presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.
- The statement about capital expenditure for each group of activities presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's long-term plan.
- The funding impact statement for each group of activities presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.
- We have complied with the requirements of Schedule 10 of the Act that apply to the annual report.
- We have made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014).
- We believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.



- We have appropriately accounted for and disclosed related party relationships and transactions in the financial statements.
- We have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of portfolio performance that require adjustment or disclosure.
- We are aware that you have not identified any misstatements to the financial statements and statement of portfolio performance during the course of your audit that have not been adjusted.
- We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Standards.

## **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of portfolio performance; and
  - unrestricted access to persons within the Regional Council from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of portfolio performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Regional Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements and statement of portfolio performance;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Regional Council's financial statements and statement of portfolio performance communicated by employees, former employees, analysts, regulators, or others;

- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of portfolio performance, including possible non-compliance with laws for setting rates;
- we have provided you with all the other documents (“other information”) which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements;
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware; and
- we are unable to provide you with documentation to support the MetroCard revenue-in-advance balance disclosed in note 12 to the financial statements (under Accounts Payable and Accruals line) to the amount of \$2,510,546, and we are unable to quantify the financial amount of expired MetroCard values that should be released to the statement of comprehensive revenue and expense.

### **Publication of the financial statements and the statement of portfolio performance and related audit report on a website**

The Council accepts that it is responsible for the electronic presentation of the audited financial statements and the statement of portfolio performance.

The electronic version of the audited financial statements and the statement of portfolio performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and the statement of portfolio performance and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and statement of portfolio performance is provided on a website, the financial statements and statement of portfolio performance are also provided in full.

### **Going concern**

We confirm that, to the best of our knowledge and belief, the Regional Council has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of portfolio performance for the year ended 30 June 2019. We have reached this conclusion after making enquiries and having regard to circumstances that we consider

likely to affect the Regional Council during the period of one year from 19 September 2019, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of portfolio performance adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Regional Council.

Throughout the year, the Regional Council has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

### **Sign-off on these representations**

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

Yours sincerely



Steve Lowndes  
Chair of Council



Bill Bayfield  
Chief Executive