

24 October 2019

Jenny Hughey
Chair
Environment Canterbury
PO Box 345
Christchurch 8140

Dear Jenny

Terms of the agreed upon procedures engagement in respect of funding received for Freshwater Improvement Funding Deed (Waikirikiri/Selwyn River)**Introduction**

This letter is issued on behalf of the Auditor-General in connection with the agreed upon procedures engagement for expenditure of funds received from the Ministry for the Environment (the Ministry) for the fresh water improvement in Waikirikiri/Selwyn River under the Fresh Water Improvement Funding Deed (the Funding Deed).

We are pleased to confirm our acceptance and understanding of the engagement.

Nature and terms of the engagement

This letter sets out the nature of the procedures we will conduct. The letter also explains the limitations surrounding the report we will issue and seeks agreement with you on the following in relation to the agreed upon procedures engagement to ensure that there is a clear understanding between us:

- the nature and terms of this engagement, including our respective responsibilities;
- the arrangements for this engagement; and
- the estimated fees for this engagement.

The procedures that we will perform will not constitute a reasonable or limited assurance engagement. We will accordingly issue no assurance report on the conclusion of our engagement.

Scope of the Auditor's responsibilities

We will conduct our engagement in accordance with the New Zealand Institute of Chartered Accountants Engagement Standard APS-1 (revised) *Agreed-Upon Procedures Engagements to Report Factual Findings*.

That standard requires that we:

- comply with ethical requirements equivalent to Other Assurance Engagements, including independence;
- plan and perform the agreed procedures; and
- report our factual findings.

The procedures we will perform will be restricted to those procedures agreed with you, as listed below. Information acquired by us in the course of our engagement is subject to strict confidentiality requirements and will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. For the avoidance of doubt the engagement terms cannot place limitations on the ability of the Auditor-General to report under the Public Audit Act 2001.

We agree to perform the following procedures and report to you the factual findings resulting from our work:

- Agree the total of the expenditure relating to the Waikirikiri/Selwyn River project for the period 1 July 2019 to 30 November 2019 to the Waikirikiri/Selwyn River project general ledger codes in the Environment Canterbury finance system.
- Select the five highest value expenditure items and agree the invoice amounts to the general ledger. Confirm that the expenditure relates to the Waikirikiri/Selwyn River Project by reference to the approved Work Programme as required by the Funding Deed.
- Select two further invoices for remaining expenditure and agree invoice amounts to general ledger. Confirm that the expenditure relates to the Waikirikiri/Selwyn River project by reference to the approved Work Programme as required by the Funding Deed.
- Select three amounts included in expenditure relating to staff time and agree time charged to the timesheet system and general ledger. Confirm that the expenditure relates to the Waikirikiri/Selwyn River project by reference to the approved Work Programme as required by the Funding Deed.
- Select two expense claim charges and agree these to source claim documentation (.i.e. invoices, bills, purchase orders etc) and the general ledger. Confirm that the expenditure relates to the Waikirikiri/Selwyn River project by reference to the approved Work Programme as required by the Funding Deed.

If we are unable to perform the exact nature, timing or extent of procedures agreed above but alternative procedures are available, we will only perform these alternative procedures if modified terms of engagement are agreed with Environment Canterbury.

Management's responsibilities and limitations in respect of our report

Our agreed-upon procedures will be performed on the basis that those charged with governance acknowledge and understand that:

- They have responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by us.
- They have responsibility for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which the Council or the intended users (being the Ministry) wish to draw on the subject matter.
- They have responsibility to provide us with:
 - access to all information of which management is aware that is necessary for the performance of the procedures agreed;
 - additional information that we may request from you for the purpose of the engagement; and
 - unrestricted access to persons within the entity from whom we require co-operation in order to perform the procedures agreed.
- The procedures we will perform are solely to assist you in presenting the expenditure of funds received from the Ministry for the fresh water improvement in Waikirikiri/Selwyn River: under the Fresh Water Improvement Funding Deed. Our report of factual findings is not to be used for any other purpose and is solely for the information of you and the intended users.
- The procedures that we will perform will not constitute a reasonable or limited assurance engagement in accordance with auditing, review or other assurance engagement standards issued by the New Zealand Auditing and Assurance Standards Board and, consequently, no assurance will be provided.

We look forward to full co-operation with your staff during our engagement.

Professional fees

Our fee for the agreed upon procedures to be performed is \$2,500 (GST exclusive).

Our proposed fee above is based on the following assumptions:

- Information required to conduct the engagement is complete and is provided in accordance with the agreed timelines.
- There will be an appropriate level of assistance from your staff.

- All documentation provided will be subject to appropriate levels of quality review before being provided to us.

If the scope and/or amount of work changes significantly, we will discuss the implications of this with senior management.

If information is not available for the visits as agreed, we will seek to recover any and all additional costs incurred as a result. We will inform senior management as soon as possible should such a situation arise.

We propose to bill the full amount after our work has been completed; expected to be in November 2019.

Personnel

Our personnel involved in the management of the engagement are:

Julian Tan	Director
Debbie Bradfield	Manager

We have endeavoured to maintain staff continuity as far as possible.

Timing

Timetable key dates are as follows:

	Date
Planning	9 December 2019
Execution of the agreed upon procedures	8 December 2019
Reporting on the draft findings on the agreed upon procedures	16 December 2019
Finalise and issue our report	20 December 2019

Should we encounter any significant problems or delays during the engagement, we will inform senior management immediately.

Reporting

Our report of factual findings will consist of a detailed listing of the procedures performed and our findings in relation to each procedure, including any errors or exceptions identified regardless of whether those errors or exceptions have since been rectified.

We disclaim any assumption of responsibility for use of our report to any person or entity other than you and the Ministry, or for any other purpose than that for which it was prepared.

Please sign and return a copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our agreed-upon procedures engagement including the specific procedures which we have agreed will be performed and our respective responsibilities.

Yours sincerely



Julian Tan
Appointed Auditor
On behalf of the Auditor-General

I have the authority to acknowledge acceptance of the nature and terms of this engagement, on behalf of the Council, that have been outlined in this letter.

Signed  Date 14 Nov 2019.
Jenny Hughey
Chair
Environment Canterbury

