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**REPORT 3**

**AUDIT NEW ZEALAND ANNUAL AUDIT PLAN (INCLUDING  
PROPOSAL, ENGAGEMENT AND ARRANGEMENT LETTERS)**

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**1. Purpose of report**

The purpose of this regular report is to update the Subcommittee on Audit New Zealand arrangements for the audit of the financial statements, including statements of service performance for the year ended 30 June 2014.

**2. Recommendations**

Officers recommend that the Audit and Risk Subcommittee:

- 1. Receive the information.*
- 2. Note the draft Audit Proposal Letter prepared by Audit New Zealand (attached in Appendix 1).*
- 3. Note the draft Audit Engagement Letter prepared by Audit New Zealand (attached in Appendix 2).*
- 4. Note the draft Audit Arrangements Letter prepared by Audit New Zealand (attached in Appendix 3).*
- 5. Note the content of the 2012/13 Report to Council from Audit New Zealand (attached in Appendix 4).*
- 6. Authorise the Mayor to finalise and sign the Audit Proposal Letter, Audit Engagement Letter and Audit Arrangements Letter.*

**3. Audit Arrangements for the audit of the financial statements, including statements of service performance, for the year ending 30 June 2014.**

The Council has received the following draft letters from Audit New Zealand in relation to audit arrangements:

- **Audit Proposal Letter (Appendix 1)**  
The Audit Proposal Letter is a three year contract which covers the periods ending 30 June 2014, 2015 and 2016. This contract outlines the proposed audit hours and fees for the three year period. This letter and the proposed hours and fees have been reviewed by the Office of the Auditor-General.

- **Audit Engagement Letter (Appendix 2)**  
The Audit Engagement Letter outlines the terms of the audit engagement for the periods ending 30 June 2014, 2015 and 2016 and the respective responsibilities of the auditor and the Council. The letter remains effective across financial years, unless there is a change in the audit terms or a replacement approved auditor or Mayor.
- **Audit Arrangements Letter (Appendix 3)**  
The Audit Arrangements Letter covers the audit arrangements for the year ending 30 June 2014. A new letter is issued annually to reflect the areas of audit focus and audit logistics specifically relating to that financial year.

#### **4. Summary of movements in recommendations since the last report.**

Since the last regular Subcommittee meeting on 19 August 2013, the 2012/13 Report to Council has been issued by Audit New Zealand and is included in Appendix 4. Refer to Appendix 4 for details of audit comments and recommendations for 2012/13.

Audit New Zealand Director, Bede Kearney and Manager, David Kidman are in attendance to introduce and discuss these letters.

Contact Officer: Ben Rodgers – *Manager, Financial Accounting*

# **Audit Proposal Letter**

## **Appendix 1**

# **Audit Engagement Letter**

## **Appendix 2**

# **Audit Arrangement Letter**

## **Appendix 3**

# **Audit New Zealand Report**

## **Appendix 4**