
REPORT 1
(1215/52/01/IM)

AUDIT ARRANGEMENTS LETTERS

1. Purpose of Report

To present to the Audit and Risk Management Subcommittee (the Subcommittee) the various Audit Arrangements Letters (AALs) received from Audit New Zealand.

2. Recommendations

It is recommended that the Subcommittee:

- 1. Receive the information.*
- 2. Authorise the Mayor and CEO to sign the final 2006/16 LTCCP Audit Arrangements Letter (attached as Appendix One).*
- 3. Receive and approve for finalisation the draft NZIFRS Audit Arrangements letter (attached as Appendix Two).*
- 4. Receive and approve for finalisation the draft 2005/06 financial statements Audit Arrangements letter (attached as Appendix Three).*

3. Analysis

3.1 2006/16 LTCCP

From 2006, the Auditor-General has a new statutory duty to issue opinions on local authorities' Long-term Council Community Plans (LTCCP) under sections 84(4) and 94 of the Local Government Act 2002. As a result, the 2006/16 LTCCP will be subject to audit by Audit New Zealand.

The Subcommittee reviewed the draft AAL in respect of the LTCCP during the 5 December 2005 meeting. No significant amendments were requested. The AAL has subsequently been finalised and is attached in Appendix One for the Subcommittee's information

3.2 NZ IFRS

This AAL outlines the proposed audit arrangements for the Council's process of transition to NZ IFRS. This is a one-off audit, which will cover the Council's first NZIFRS accounting policies and opening NZIFRS balance sheet as at 1 July 2005. The audit work required as a result of the transition has been specifically excluded from the Council's LTCCP and annual financial statement AALs. The fee for this audit has been estimated at \$15,000.

This AAL is presented in draft for the Subcommittee's review.

3.3 2005/06 Financial Statements Audit Arrangements Letter

This AAL outlines the audit arrangements in respect of the Council's standard audit of the financial statements for the year ending 30 June 2006. The fee for this audit is \$199,920, which is in accordance with the Letter of Undertaking (LOU) dated 31 March 2005. The LOU established the annual financial statement audit fees for the three year period to 30 June 2007.

This AAL is fairly standard, with particular areas of focus highlighted in section 2 of the letter. This AAL is presented in draft for the Subcommittee's review.

4. Conclusion

This report presents two draft AALs for the Subcommittee's review and comment, and a final version of the LTCCP AAL for the Subcommittee's information. Audit New Zealand Director, Rudie Tomlinson, will be available to discuss the contents of the AALs at the Subcommittee meeting.

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APPENDIX ONE

**2006/16 LTCCP
AUDIT ARRANGEMENTS LETTER**

APPENDIX TWO

NZ IFRS AUDIT ARRANGEMENTS LETTER

APPENDIX THREE

**2005/06 FINANCIAL STATEMENTS AUDIT
ARRANGEMENTS LETTER**

Supporting Information

1) Strategic Fit / Strategic Outcome

The report supports Council's overall vision of Creative Wellington – Innovation Capital by ensuring the legislative requirement to have an audited 2006/16 LTCCP and audited 2005/06 financial statements is appropriately planned.

2) LTCCP/Annual Plan reference and long term financial impact

The report considers the audit of the LTCCP and financial statements. The fees totalling \$294,320 have been included within budgeted expenditure.

3) Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

4) Decision-Making

There are no significant decisions required by the paper.

5) Consultation

a) General Consultation

There are no parties significantly affected by this paper.

b) Consultation with Maori

Maori are not significantly affected by this paper.

6) Legal Implications

There are no legal implications of this paper. This report ensures the legislative requirement to have an audited 2006/16 LTCCP and audited 2005/06 financial statements is appropriately planned.

7) Consistency with existing policy

This report is consistent with existing policy.