
ORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

MINUTE ITEM ATTACHMENTS

Time: 1.32pm
Date: Wednesday, 26 August 2015
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

Business

Page No.

**4.1 Report on the Audit and Risk Subcommittee meeting of Tuesday
18 August 2015: 2014/15 Financial Statements and Statements
of Service Performance**

1. Tabled Item B - Unqualified Audit Opinion on 2014-2015 Annual Report

2

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Wellington City Council and group's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of the Wellington City Council (the City Council). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the City Council that comprise:
 - the statement of financial position as at 30 June 2015 on page 154;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 151 to 153; and 155-156;
 - the funding impact statement of the City Council on page 267;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on page 285; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements] on pages 157 to 251;
- the statements of service provision of the City Council on pages 23 to 132 and the funding impact statements in relation to each group of activities of the City Council on pages 268 to 284; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 252 to 266.

In addition, the Auditor-General has appointed me to report on whether the City Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 203;
 - reserve funds on pages 211 to 214;
 - each group of activities carried out by the City Council on pages 23 to 132;
 - remuneration paid to the elected members and certain employees of the City Council on page 244-247;
 - employee staffing levels and remuneration on pages 248 and 249;

- severance payments on page 247;
- rating base units on page 175; and
- insurance of assets on page 199;
- a report on the activities undertaken by the City Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 31 to 33; and
- a statement of compliance signed by the mayor of the Council, and by the City Council's chief executive on page 150.

Opinion

Audited information

In our opinion:

- The financial statements of the City Council on pages 151 to 251:
 - present fairly, in all material respects:
 - the City Council's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- The funding impact statement of the City Council on page 267 present 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 City Council's annual plan.
- The statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on page 285, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's annual plan.
- The statements of service provision of the City Council on pages 23 to 132:
 - present fairly, in all material respects, the City Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.

- The funding impact statements in relation to each group of activities of the City Council on pages 268 to 284; present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.
- The disclosures on pages 252 to 266 represent a complete list of required disclosures and accurately reflect the information drawn from City Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the City Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 26 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;

- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service provision that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the City Council's financial position, financial performance and cash flows; and
 - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

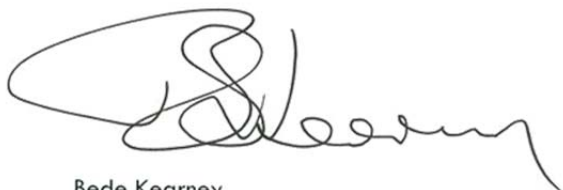
We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

During the year we undertook an independent assurance review in respect of the City Council's Debenture Trust Deed, we carried out a review of the revenue and expenditure of the Clifton Terrace car park managed by the City Council on behalf of the New Zealand Transport Agency, and a review of the City Council's process to select providers for the proposed Wellington Regional ICT Infrastructure shared services.

Other than the audit, the independent assurance review in respect of the Debenture Trust Deed, the review of the Clifton Terrace car park, the review of the selection of providers for the ICT shared services project and the audit of the City Council's 2015-25 Long Term Plan, we have no relationship with, or interests, in the City Council.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand