

Christchurch City Council
ATTACHMENTS UNDER SEPARATE COVER

Date: Tuesday 23 February 2021
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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To the reader:

**Independent auditor's report on Christchurch City Council's
consultation document for its proposed 2021-31 Long-term Plan**

I am the Auditor-General's appointed auditor for Christchurch City Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its Long-term Plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 4 March 2021.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 Long-term Plan, because it:
 - fairly represents the matters proposed for inclusion in the Long-term Plan; and
 - identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Uncertainty over three waters reforms

Without modifying our opinion, we draw attention to the disclosure on page 16 outlining the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and Long-term Plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and Long-term Plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's consultation document and our report on the Council's 2019/20 annual report, we have carried out a limited assurance engagement in respect of the Christchurch City Council's Debenture Trust Deed. These engagements are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council or any of its subsidiaries.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General, Christchurch, New Zealand

Office of The Mayor

Christchurch
City Council 

4 March 2021

Andy Burns
Director
Audit New Zealand
PO Box 2
Christchurch

Dear Andy

Letter of representation for the audit of Christchurch City Council's Long-term Plan consultation document

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Christchurch City Council's (the Council's) Long-term Plan (LTP) consultation document for the 10 years commencing 1 July 2021.

This representation letter is provided to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on:

- whether the consultation document gives effect to the purpose set out in section 93B of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the consultation document.

We understand that your audit was carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we understand you took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion about whether the consultation document provides an effective basis for public participation in the Council's decision-making processes about the proposed content of the 2021-31 LTP and on the quality of the information and assumptions underlying the information provided in the consultation document, and that the audit would not necessarily disclose any or all irregularities should any exist.

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We acknowledge that actual results are likely to be different from the forecast information on which the consultation document is based because anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion about whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the consultation document.

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The Council accepts that it is responsible for the preparation of a consultation document that meets the requirements of the Act.
- 2 In complying with the requirements of the Act in relation to the preparation of the consultation document, we have acted in such a manner and included in the consultation document such detail as we consider on reasonable grounds to be appropriate.
- 3 The consultation document has been prepared using the best information currently available to the Council and, accordingly, the forecast information underlying the consultation document is our best forecast of anticipated events for the 10 years commencing 1 July 2021.
- 4 The consultation document has been prepared and is consistent with the Council's own policies and strategies and of other organisations where appropriate.
- 5 We believe the effects of uncorrected misstatements in the underlying information are immaterial, both individually and in the aggregate, to the consultation document as a whole.

Underlying information and assumptions

- 6 The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information have a reasonable and supportable basis in the context of the Council's position and have been based on the best information currently available to the Council. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council, and have been consistently applied.
- 7 All significant forecasting assumptions have been included in the preparation of the forecast information and have been clearly identified in the underlying information on which the consultation document is based. Where significant forecasting assumptions have a high level of uncertainty, that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been disclosed in the adopted underlying information and will be included in the LTP when it is adopted.

- 8 The consultation document is based on the adopted underlying information that will form the basis of the LTP. The underlying information includes all the items of operating expenditure and capital projects the Council reasonably expects will be done in the 10 years covered by the plan, based on the best information currently available to the Council.
- 9 The forecast of capital expenditure and operating expenditure contained in the adopted underlying information that supports the consultation document are supported by, and consistent with, underlying information such as asset management plans and the infrastructure strategy.
- 10 The records maintained by the Council were adequate for the preparation of the underlying information on which the consultation document is based.
- 11 We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the consultation document.
- 12 All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

Performance framework

- 13 Forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. Proposed performance measures reflect the intended levels of service for those activities the Council has chosen to carry out. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

Systems and processes

- 14 The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance about the integrity and reliability of the forecast information on which the consultation document is based. The Council has maintained effective systems and processes, and they operated to generate accurate and reliable forecast information.

Legislative compliance

- 15 The Council accepts that it is responsible for ensuring that all applicable aspects of the Act that affect the consultation document have been complied with. To the best of its knowledge, the Council has complied with all legislative requirements in the preparation of the consultation document.
- 16 The Council has followed the relevant decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion from the consultation document.

- 17 The Council intends to follow the special consultative procedures outlined in section 93A of the Act in relation to the consultation document. We acknowledge our responsibility to provide a consultation document that enables the consultation to be done. In considering this, we are satisfied the information provided can be readily understood by interested or affected people.
- 18 We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters in accordance with section 76AA of the Act.
- 19 The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities, and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the underlying information that has formed the basis of the consultation document.
- 20 The Council has adopted, or will adopt for consultation, the following policies that underlie the consultation document:
- a revenue and financing policy that complies with section 103 of the Act and has been prepared following consideration of the matters outlined in section 101(3) of the Act;
 - a liability management policy that complies with section 104 of the Act;
 - an investment policy that complies with section 105 of the Act;
 - a policy on development contributions that complies with section 106 of the Act;
 - a policy on remission and postponement of rates on Māori freehold land that complies with section 108 of the Act; and
 - a rates postponement policy adopted under section 110 and rates remission policy adopted under section 109 of the Act.
- These policies have formed the basis for the financial parameters used in the preparation of the consultation document.
- 21 We consider that the underlying information and recommended direction inherent in the consultation document supports financial prudence.

Generally accepted accounting practice

- 22 The accounting policies applied to the forecast financial statements underlying the consultation document comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical

financial statements will be disclosed in the accounting policies included in the underlying information.

- 23 The estimated effect of the revaluation of service delivery assets has been incorporated into the underlying information on which the consultation document is based.
- 24 The underlying forecast financial information on which the consultation document has been based has been prepared in accordance with PBE FRS 42, Prospective Financial Statements.
- 25 The forecast financial information on which the consultation document has been prepared is in accordance with the accounting policies.
- 26 The Council's assumption about future price changes on the forecast financial information on which the consultation document has been based is also based on best information currently available to the Council and is reasonable and supportable.

Publication of the consultation document and related audit report on the Council's website

- 27 The Council accepts that it is responsible for the electronic presentation of the audited consultation document.
- 28 The electronic version of the audited consultation document and related audit report presented on the website will be the same as the final signed version of the audited consultation document and audit report.
- 29 We have clearly differentiated between audited and unaudited information in the presentation of the consultation document on the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- 30 We have assessed the security controls over the audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.

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

Yours sincerely



Lianne Dalziel
Mayor



Dawn Baxendale
Chief Executive