

Report 99.723
2 December 1999
File: CFO/4/1/10

Report to the Policy and Finance Committee
from Greg Schollum, Chief Financial Officer

Summary of 1999 Audit – Report from Audit New Zealand

1. Purpose

To receive the report from Audit New Zealand which provides a summary of the audit of the year ended 30 June 1999 (refer **Attachment 1**).

2. Background

At the Council meeting on 23 November 1999, the Council resolved to adopt the 1998/99 Annual Report subject to the receipt of the Audit opinion (refer report 99.664). The audit opinion was received from Audit New Zealand subsequent to Council adopting the Annual Report.

As explained at the 23 November meeting, each year Audit New Zealand prepares a summary report on the results of their audit. This year's report is similar in format to that provided in previous years. The report highlights some of the key issues from an audit perspective.

3. Comment

3.1 Control Environment

Audit New Zealand have again assessed the overall Council control environment as good/excellent as detailed below:

<u>Management Aspect</u>	<u>Assessment</u>
Financial Control Systems	Good
Financial Information Systems	Good
Financial Management Control Environment	Excellent
Service Performance Information Systems	Good
Service Performance Management Control Environment	Excellent

Management are delighted to have again achieved an “excellent” rating for two out of the five categories.

“Good”, as defined in the Audit New Zealand report means the systems work well, with few or minor improvements only needed to rate as “excellent”. However, improvements would be recommended only where benefits exceed costs. The achievement of additional assessments of “excellent” would indeed be challenging as, by definition, this means no scope for improvement could be identified.

In my view the above gradings are an indication that Audit New Zealand continue to have a high degree of comfort in the Council’s control environment.

3.2 **Compliance with Legislative Requirements**

It is pleasing to see that Audit NZ is comfortable with the Council’s legislative compliance.

3.3 **Areas of Audit Emphasis**

Audit New Zealand has continued to monitor the status of the following:

- WRC Holdings Ltd restructure
- Waterloo interchange
- FIS Project
- External influences (e.g. Land Transport Roading reforms and Water Integration proposal)

No audit concerns have been noted.

3.4 **Local Government Amendment Act (No.3)**

This year’s Annual Report was the second time the Council had to formally report on compliance with the Council’s treasury and funding policies as required by the new Act. It is satisfying that this was achieved successfully, as evidenced by the clean Audit report.

Significant effort has continued during 1998/99 in the refinement of plans for all of the Council’s major infrastructural assets. Whilst further work is still to be completed, the Council has made good progress in this area over the last

financial year, particularly in Landcare where the work in the Natural Forestry/Parks area is acknowledged by Audit as “leading edge”.

4. Issues for Management Attention

4.1 Revaluation of Water Infrastructure Assets

The revaluation of water assets is nearly complete and will provide an important input to the decision on the future level of water levy.

4.2 Reviews on Behalf of the Controller and Auditor General

It is pleasing to note the audit comments in relation to the reviews conducted by Audit NZ on behalf of the Controller and Auditor-General.

4.3 Other Issues

There is nothing significant in the matters separately reported to the Chief Financial Officer.

4.4 Status of Special Projects

Each year we request Audit NZ to conduct additional work in specific areas (at the expense of the Council). The status of these special projects is summarised on page 8 of Attachment 1.

5. Communications

The positive gradings received represent good news that should be shared with the community. A suitable press release will be prepared if necessary.

6. Recommendation

That the report be received and the contents noted.

GREG SCHOLLUM
Chief Financial Officer

Attachment 1 : Report from Audit New Zealand dated 1 December 1999