

Audit Plan

Western Bay of Plenty District Council

For the year ending 30 June 2021

Audit Plan

I am pleased to present our audit plan for the audit of Western Bay of Plenty District Council for the year ending 30 June 2021. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Our audit process.....	9
Reporting protocols	15
Audit logistics	16
Expectations.....	19

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



Clarence Susan
Appointed Auditor
6 May 2021

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Revaluation of assets – Revaluation year	
<p>The District Council periodically revalues its asset classes. PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>We understand that the District Council will revalue the following assets:</p> <ul style="list-style-type: none"> • Land. • Buildings. • Roading. • Water supply. • Wastewater. • Storm water. • Coastal and marine structures. <p>The asset classes being revalued are a significant portion of the Council's assets and there is a risk that errors in the process or calculation could result in a material misstatement.</p> <p>Due to the nature and value of the revaluations any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of asset classes being revalued.</p>	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> • reviewing the information and instructions provided to the valuer; • assessing relevant controls that management has put in place for the valuation; • evaluating the qualifications, competence and expertise of the external valuer used; • reviewing the method of valuing the assets and assessing if the applicable method used is in line with public sector accounting standards (PBE IPSAS 17, <i>Property, Plant and Equipment</i>), including the reasonableness of the assumptions and judgements made by the valuer and other inputs to the valuation; and • assessing whether the resulting change in values are correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.

Audit risk/issue	Our audit response
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We will review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</p> <p>For any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit, we will evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</p>
Major capital projects	
<p>The District Council continues to have a significant ongoing capital programme. A number of capital projects are either underway or about to commence of which the major ones are:</p> <ul style="list-style-type: none"> • Water: Eastern Alternative Supply. • Wastewater: Te Puke Treatment Plant Upgrades. • Transport: Raniguru Business Park Interchange. • Storm water: Omokoroa growth projects. <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> • project costs are reviewed to ensure these are appropriately classified as capital or operational in nature; 	<p>We will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • the correct classification of costs as either capital or operational in nature; • appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments.

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation; WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner; asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; the value and remaining useful life of existing assets remains appropriate given replacement projects underway; and capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. 	
Fair value assessment for assets - non-revaluation year	
<p>The District Council periodically revalues certain asset classes, including land, buildings and infrastructure. PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>We note no asset classes not being revalued in the current year. For those asset classes with an effective revaluation date of 1 July 2020, fair value assessments will need to be completed for classes of assets to confirm that there is no material difference between their carrying amount and their fair value.</p> <p>If a material movement between the carrying amount and the fair value of these classes of assets is identified they must be revalued for the District Council to comply with PBE IPSAS 17 <i>Property, Plant and Equipment</i>.</p>	<p>We will review the District Council's significant variance threshold and assessment of fair value against carrying value for each asset class not scheduled to be revalued this year. We will consider the reasonableness of assumptions and judgements applied in making the assessments</p>

Audit risk/issue	Our audit response
Rates	
<p>Rates are Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The District Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</p>	<p>For 2020/21 we will again consider the District Council's compliance with aspects of the LGRA that potentially materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS).</p> <p>We will also review selected differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The District Council is responsible for ensuring that it complies with applicable laws and regulations.</p>
Impact of three waters reform	
<p>The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches.</p> <p>During 2020/21, the District Council signed a non-binding Memorandum of Understanding (MOU) with Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.</p> <p>On signing of the MOU, the District Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the District Council is appropriately accounting for this funding and is meeting the obligations of the funding agreement.</p> <p>Much of the policy is still to be developed, with significant announcements about the form of future water services entities expected in year one of the 2021-31 long-term plan period (2021/22).</p>	<p>We will continue to monitor developments related to the three waters reform. If any substantive announcements are made before the financial statements are authorised for issue, we will discuss the implications of these on the District Council and on our audit report with management and the Council.</p> <p>We will gain an understanding of the water stimulus funding agreements signed by the District Council. If water stimulus funding is material to the financial statements, we will review this to ensure that revenue recognition is in line with PBE accounting standards.</p>

Audit risk/issue	Our audit response
<p>The District Council will then need to decide whether to opt out of the proposed new service delivery model. There is still considerable information to come as to what these reforms may mean for the District Council before this decision will be made.</p> <p>We would expect the District Council has taken steps to:</p> <ul style="list-style-type: none"> consider the implications of any government announcements about three waters reform up to the date of authorisation of the financial statements. This includes the impact on financial statements and disclosures, including subsequent events disclosures. ensure any crown stimulus funding resulting from the three waters reform programme received by the District Council has been appropriately accounted for in accordance with PBE accounting standards and the terms of the agreement. 	
Impact of Covid-19 pandemic	
<p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. However, it is likely that the uncertainties in the economic environment will increase the risk of material misstatement in financial statements. These effects might include uncertainties relating to revenue and asset valuations.</p> <p>Some local authorities have received funding from central government (such as “Shovel Ready” funding, or “infrastructure recovery” funding). If the District Council has received such funding, it is important that the District Council is appropriately accounting for this funding, taking account of any obligations of the funding agreements.</p> <p>We would expect the District Council has taken steps to:</p> <ul style="list-style-type: none"> reconsider the risks that the District Council faces; reconfirm that reporting and internal control systems are in place and functioning effectively; and 	<p>As part of our audit response, we will:</p> <ul style="list-style-type: none"> gain an updated understanding of the impact of Covid-19 on the District Council’s operations, financial statements, and performance story; establish if management has identified and recorded any additional Covid-19 related revenue, receivables, and costs, including as a result of shovel ready or recovery funding, and whether these are recognised in line with PBE accounting standards; and assess the completeness and reasonableness of disclosures contained within the Annual Report relating to the impact of Covid-19. <p>If we identify additional Covid-19 related audit risks or issues, we will advise you of these separately.</p>

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> ensure any “shovel ready” or “infrastructure recovery” funding received by the District Council has been appropriately accounted for in accordance with PBE accounting standards. 	

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management’s exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management’s investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and

- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of Western Bay of Plenty District Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the District Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the Council covering any relevant matters that come to our attention.

Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on reviewing the 1 July 2020 revaluations of property, plant and equipment and year-to-date transactions for revenue and expenditure. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

This testing will be completed prior to the final audit. We expect this to reduce the final audit onsite work by 48 hours, as these hours will have been performed earlier in the year. This requires us to have the right information available during this visit to enable us to complete this work.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this

guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$124,847,000 based on budgeted total assets. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

Overall materiality	\$124,847,000
Specific materiality	\$2,750,000
Clearly trivial threshold	\$137,500

For this audit we have set a lower, **specific materiality** of \$2,750,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than \$137,500 to be clearly trivial unless there are qualitative considerations that heighten its significance.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council’s performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the District Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
<p>Water supply - Safety of drinking water.</p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p>	<p>5% of result</p> <p>5%</p>
<p>Water supply- Fault response times – resolution of urgent call-outs.</p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <p>(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. (material component of measure)</p> <p>(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and</p> <p>(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	<p>n/a</p> <p>8%</p> <p>n/a</p> <p>n/a</p>
<p>Wastewater - System and adequacy.</p> <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	<p>5%</p>

Material measure	Materiality
Wastewater - Discharge compliance. Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> (a) abatement notices; (b) infringement notices; (c) enforcement orders; and (d) convictions; received by the territorial authority in relation those resource consents.	5% 5% 5% 5%
Storm water - System adequacy. <ul style="list-style-type: none"> (a) The number of flooding events that occur in a territorial authority district. (b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's storm water system.) 	5% 5%
Transportation – Road safety. The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	5%
Regularity Services - Building services. Percentage of building consent applications and plan checking processed within the statutory timeframes.	5%

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- Western Bay of Plenty District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Western Bay of Plenty District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Western Bay of Plenty District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Western Bay of Plenty District Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Meeting with	Planned timing
Group Manager Finance and Technology Services	Weekly during programmed audit visits and periodically during the year.
Audit & Risk Committee	Attending regular meetings: <ul style="list-style-type: none">• 20 May 2021.• 12 August 2021.• 8 September 2021.• 4 November 2021.
Council meetings	Attend relevant meetings to present: <ul style="list-style-type: none">• Audit Plan; and• Audit Opinion.• Other occasions as requested.

Reports to the Council



We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Clarence Susan	Appointed Auditor
David Walker	Engagement Quality Review Director
Warren Goslett	Audit Manager
Becca Gray	Senior Auditor
Robyn Dearlove	IS specialist

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable is:

First interim audit begins	31 May 2021
Second interim audit begins	21 June 2021
Draft Report to the Council on the interim audit issued for management comments	12 July 2021
Revaluation reports and accounting treatment to be reviewed	15 June 2021
Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures	20 August 2021
Final audit begins	23 August 2021
Final financial statements available, incorporating all the amendments agreed to between us	13 September 2021
Verbal audit clearance given	15 September 2021
Draft Report to the Council issued for management comments	15 September 2021
Annual report available, including any Chair and Chief Executive's overview or reports	15 September 2021
Audit opinion issued	23 September 2021
Report to Council issued with management comments	23 September 2021

There is the possibility that, due to Covid-19, there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

AuditDashboard

During the audit, your staff provide us with a significant number of files. These files contain information that we have asked for about your internal controls or financial and non-financial information to support the contents of your annual report. When all of this information is available in a timely manner, it helps the audit process to run as smoothly and effectively as possible for both you and us.

During 2021 we are implementing a new online portal called AuditDashboard. AuditDashboard allows for easier collaboration and file sharing between Western Bay of Plenty District Council and your audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information with us. More information on this new tool can be found at: [Information about AuditDashboard](#).

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

Rather than obtaining information from management as we need it, we will send requests in advance. Your team will have time to gather the relevant information, upload the files, and submit them to us at any time that suits them up to the due date. When we start work, we will already have access to this information and can get started straight away.

We intend to start using AuditDashboard at our interim audit stage. We will provide the Group Manager Finance and Technology Services with an overview and agreement to use AuditDashboard. We expect compliance with this agreement will already be covered by your computer-use policy. We need to receive the agreement back prior to implementing AuditDashboard on your audit.

We will work with your team to onboard them to AuditDashboard, answer any questions you might have, and ensure your team understand how to use it.

Expectations



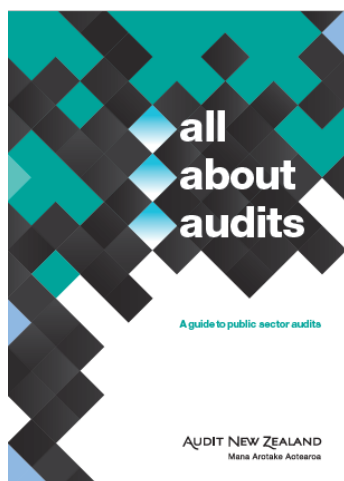
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

AUDIT NEW ZEALAND

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