

REPORT TO THE READERS OF PAPAKURA DISTRICT COUNCIL'S LONG-TERM COUNCIL COMMUNITY PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2009

The Auditor-General is the auditor of Papakura District Council (the District Council). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to report on the Long Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTCCP complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP.

The use of information contained in this LTCCP

The Government decided to dissolve this District Council and the other existing local authorities that govern the Auckland region (collectively the existing Auckland Councils) after 31 October 2010, and to establish a single unitary authority, the Auckland Council, to govern the entire Auckland region from 1 November 2010. The Local Government (Tamaki Makaurau Reorganisation) Act 2009, enacted in May 2009, provides for the transition to new local government arrangements.

The Auckland Transition Agency (ATA) has been established to facilitate the transition and to enable Auckland Council to operate on and from its establishment on 1 November 2010. This will involve developing Auckland Council's structure and operational arrangements and determining how the systems, plans and policies of this District Council and other existing local authorities and local organisations will be linked to, and integrated within, that structure.

Under draft legislation currently before the House, the Local Government Commission (LGC) is to be given the power to determine final boundaries for Auckland Council.

Section 29 (1) of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 requires existing Auckland Councils to continue to perform their role as local authorities during the transition period.

Although the District Council will be dissolved after 31 October 2010, the LTCCP of the District Council will continue in force beyond that date and is therefore of ongoing relevance to the community it currently governs. After that date the LTCCP of the District Council will be integrated into the new governing structure, subject to the decisions of the ATA and the LGC. For this reason, the LTCCP for the District Council has been developed on a going concern basis.

Opinion

Overall Opinion

In our opinion the LTCCP of the District Council incorporating volumes 1 to 2 dated 30 June 2009 provides a reasonable basis for long-term integrated decision-making by the District Council in the transition period to 31 October 2010, and by the Auckland Council thereafter, and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council until 30 October 2010, and the Auckland Council thereafter.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which is set out below.

We also considered the uncertainty regarding future local government arrangements for the Auckland region and the potential impact of this uncertainty on the validity of key assumptions used by the District Council in preparing the LTCCP.

Opinion on Specific Matters Required by the Act

In our view:

- the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information; and
- the extent to which the forecast information and performance measures within the LTCCP provide an appropriate framework for the meaningful assessment of the actual levels of service provision, reflects good practice for a Council of its size and scale within the context of its environment.

Disclosures of the uncertainty arising from new local government arrangements for the Auckland region.

In forming our unqualified opinion, we considered:

- the effect of the requirement that the ATA must confirm the LTCCP before it is implemented; and

- the District Council's disclosures regarding the potential impact of the uncertainty about the new local government arrangements for the Auckland region on key assumptions used by the District Council to prepare the LTCCP.

The Council must obtain confirmation from ATA before implementing the LTCCP

Section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 requires existing Auckland Councils to get written confirmation from the ATA before implementing certain decisions, including a decision to adopt or amend a LTCCP.

The District Council obtained written confirmation from the ATA on 29 June 2009.

The Council's disclosures about the potential impact of the uncertainty on key assumptions used to prepare the LTCCP.

The assumptions used to prepare the LTCCP are based on the cumulative decisions and the best information currently available to the Council.

However, the outcome of the decisions of the ATA, and subsequently the Auckland Council, when developing the Auckland Council's

structure and operational arrangements and determining how the systems, plans and policies of this Council and other existing Auckland Councils and local government organisations will be linked to, and integrated within, that structure is uncertain at this stage. It is not currently known to what extent the future decisions of the ATA and Auckland Council may affect the forecast information within this LTCCP, by giving rise to:

- any additional costs of reorganisation and reorganisation savings;
- the transfer of assets and liabilities into or out of the District Council; and
- the revision of the District Council's existing funding policies.

Also, it is not currently known how the LGC may determine the boundaries for Auckland Council and the extent to which any boundary changes may affect the forecasts included within this LTCCP.

We consider the disclosures made by the District Council on pages 3 and 170 regarding the uncertainty about the key assumptions affected by the uncertainty arising from new local government arrangements for the Auckland region to be adequate.

The validity of key assumptions used by the District Council to prepare the LTCCP depends on the future decisions of ATA, the Auckland Council and the LGC, and the LTCCP is subject to change based on these future decisions. It is not practical for us to quantify the potential effect of the resolution of this uncertainty on the forecast information within the LTCCP.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material.

Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 30 June 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision making processes;

- the District Council's financial strategy, supported by financial policies as included in the LTCCP is financially prudent, and has been clearly communicated to the community in the LTCCP;
- the presentation of the LTCCP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTCCP is based on materially complete and reliable asset or activity management information;
- the agreed levels of service are fairly reflected throughout the LTCCP;
- the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTCCP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;

- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The District Council is responsible for preparing a LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from section 93 of the Act. The Council must get written confirmation from the ATA before implementing the decision to adopt the LTCCP, in accordance with section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

Independence

When reporting on the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

We have provided assurance to Council over tender processes for the selection of professional services providers and physical works providers, which is compatible with those independence requirements.

Other than this report and in conducting the audit of the Statement of Proposal for adoption of the LTCCP, the annual audit and the assurance related assignments, we have no relationship with or interests in the District Council.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters Relating to the Electronic Presentation of the Audited Long-term Council Community Plan

This audit report relates to the Long Term Council Community Plan of Papakura District Council for the ten years commencing 1 July 2009 included on Papakura District Council's website. Papakura District Council is responsible for the maintenance and integrity of Papakura District Council's website. We have not been engaged to report on the integrity of Papakura District Council's website. We accept no responsibility for any changes that may have occurred to the Long Term Council Community Plan since they were initially presented on the website.

The audit report refers only to the Long Term Council Community Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long Term Council Community Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long Term Council Community Plan as well as the related audit report dated 30 June 2009 to confirm the information included in the audited Long Term Council Community Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

