

**Date:** Wednesday 21 February 2018  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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## Governing Body

# OPEN MINUTE ITEM ATTACHMENTS

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**Independent auditor's report on Auckland Council's  
Consultation Document for its proposed 2018-28 Long-Term Plan**

I am the auditor of the Auckland Council Group (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's 10-Year Budget 2018-2028 consultation document (consultation document) on pages 7 to 38. I have used my staff and resources, and appointed auditors and their staff, to complete the work for this report. I completed my report on 21 February 2018.

**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 2018-28 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 the Auckland region, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

**Issue 1 in the consultation document: Transport**

Without modifying my opinion, I draw your attention to key issue 1 starting on page 14 of the consultation document about uncertainties relating to:

- priorities for transport related capital investment projects to be carried out during the next 10 years; and
- the amount of additional central government funding for transport to be able to deliver a capital investment programme of \$11-12 billion.

Transport is a key issue, and the Council has recognised that it cannot address Auckland's transport issues on its own and must partner with central government. This is being done through the Auckland Transport Alignment Project (ATAP). In August 2017, ATAP identified an indicative capital investment programme for the next 10 years. The new Government has indicated that it has different transport priorities and the indicative programme is now under review. A revised report is due in March 2018, and it is expected to influence the capital investment projects to be carried out by the Council, and the extent to which the expected additional central government funding for transport will be made available.

The effect of the above matters is that the Council is consulting on an \$11-12 billion transport capital investment programme over the next 10 years, even though there is a high degree of uncertainty about the central government policy concerning any additional capital investment, both in terms of project priorities and funding.

In drawing your attention to these matters relating to uncertainties with the transport capital investment programme and additional central government funding to be received, I am not commenting on the merits of the policy content that they reflect. I consider the disclosures to be adequate.

### **Basis of opinion**

Using my staff, and appointed auditors and their staff, I carried out my 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, I 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.

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

I 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 section 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 my work, I complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of *Professional and Ethical Standard 1 (Revised)*; 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 all legally required external audits I or my appointed auditors have provided assurance reports on:

- an assurance engagement in respect of information provided by the Auckland Council and Auckland Council Group as required by the terms of its foreign borrowings programme; and
- other engagements for Watercare Services Limited in the areas of taxation services, probity, cyber and other security risk advisory services.

These engagements are compatible with those independence requirements. Other than these engagements I have no relationship with or interests in the Council or any of its subsidiaries.

Greg Schollum  
Deputy Auditor-General  
Wellington, New Zealand