



ATTACHMENTS MINUTES

Extraordinary Council Meeting

Wednesday, 14 July 2021

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3.1 Adoption of Timaru District Council Long Term Plan 2021-31

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To the reader:

Independent Auditor's report on Timaru District Council's 2021-31 long-term plan

I am the Auditor-General's appointed auditor for Timaru District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 14 July 2021.

Opinion

In our opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 148 to 150 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Emphasis of Matter

Without modifying our opinion, we draw attention to the following disclosure:

Uncertainty over three waters reforms

Page 30 outlines 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 final decisions have not yet been made. The plan 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 plan has been based.

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Breach of statutory deadline

Page 12 states the Council failed to adopt the plan before the commencement of the first year to which it relates. This is a breach of section 93(3) of the Local Government Act 2002.

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 plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and

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- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the Council's 2020 annual report, we have carried out an assurance engagement in respect of the Council's debenture trust deed. This assurance engagement is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the or any of its subsidiaries.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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