

## Independent Auditor's Report

### To the readers of Hurunui District Council and group's Annual report for the year ended 30 June 2011

The Auditor-General is the auditor of Hurunui District Council (the District Council) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, groups of council activities information and compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 71 to 103, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the groups of council activities information of the District Council and group on pages 17 to 70; and
- the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (other Schedule 10 information).

### **Opinion on the financial statements, non-financial performance information and other Schedule 10 information**

In our opinion:

- The financial statements of the District Council and group on pages 71 to 103:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2011; and
    - the financial performance and cash flows for the year ended on that date.

- The groups of council activities information of the District Council and group on pages 17 to 70:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the District Council and group's levels of service for the year ended 30 June 2011, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 24 November 2011. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, groups of council activities information and other Schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, groups of council activities information and other Schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of council activities information and other Schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of council activities information and other Schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, groups of council activities information and other Schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and non-financial performance information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other Schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of council activities information and other Schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and groups of council activities information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by Schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, groups of council activities information and other Schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements, groups of council activities information and compliance with the other Schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'Andy Burns', with a stylized, cursive script.

Andy Burns  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand