

21 December 2023

David Walker  
Appointed Auditor  
Audit New Zealand  
PO Box 1165  
Auckland

Dear David

### **Representation letter for the year ended 30 June 2023**

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of performance of Whakatāne District Council for the year ended 30 June 2023 for the purpose of expressing an independent opinion about whether:

- the financial statements:
  - present fairly, in all material respects:
    - the financial position as at 30 June 2023; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Accounting Standards; and
- the statement of performance:
  - presents fairly, in all material respects, the performance for the year ended 30 June 2023, including:
    - the performance achievements as compared with forecasts included in the Statement of Intent for the financial year; and
    - the actual revenue and expenses as compared with the forecasts included in the approved budget for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate *the Professional and Ethical Standards* and *the International Standards on Auditing (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

## **General representations**

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Whakatāne District Council) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

## **Representations on the financial statements and the statement of performance**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- We have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Local Government Act 2002 and, in particular, that:

the financial statements:

- present fairly, in all material respects:
  - the financial position as at 30 June 2023; and
  - the financial performance and cash flows for the year then ended; and

- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Accounting Standards; and

the statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2023, including:
  - the performance achievements as compared with forecasts included in the Statement of Intent for the financial year; and
  - the actual revenue and expenses as compared with the forecasts included in the approved budget for the financial year; and
- complies with generally accepted accounting practice in New Zealand.
- We believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework.
- We have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements.
- We have adjusted or disclosed all events subsequent to 30 June 2023 that require adjustment or disclosure.
- We believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter.
- We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Public Benefit Entity Accounting Standards.

### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;

- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements and the statement of performance;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

**Publication of the financial statements and statement of performance and related audit report on a website**

- The Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

## Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Whakatāne District Council has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2023. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Whakatāne District Council during the period of one year from 21 December 2023 and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Whakatāne District Council.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Whakatāne District Council and to confirm information given to you orally.

Yours sincerely

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Chairperson

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Chief Executive

## Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive revenue and expense		Statement of financial position	
	Debit	Credit	Debit	Credit
1	Revaluation gain on derivatives \$97,366			Derivatives \$97,366
2	Other Fees & Charges \$143,194			Opening Equity \$143,194
3	Government grants \$170,970			Opening Equity \$170,970
4	Gain/Loss on investment in airport \$169,400			Investment in Whakatane Airport \$169,400
5		Depreciation Expense \$329,797	Opening Equity \$329,797	
6	Other expenses \$495,937			Work in Progress \$495,937
7		Other expenses \$205,000	Sundry Debtor Receivables \$205,000	

### Explanation for uncorrected misstatements

- 1 This is a projected misstatement. The journal has been proposed to adjust Derivatives which have been overstated.
- 2 This is a projected misstatement. The journal has been proposed to correct an overstatement in revenue. This was identified during the sampling of Fees and Charges Revenue.
- 3 This is a factual misstatement. The journal has been proposed to correct an overstatement of grant revenue in the current year. We identified two contracts for which revenue should have been recognised in the prior year.

- 4 This is a factual misstatement. The journal has been proposed to correct an overstatement of investment in Airport. This is to account for wrongly reversed accumulated depreciation for non-revalued assets within the airports property plant and equipment.
- 5 This is a factual misstatement. The journal has been proposed to reverse prior year depreciation relating to capital projects that were capitalised previously but not depreciated.
- 6 This is a projected misstatement. The journal has been proposed to correct overstated Work in Progress. During our testing we identified a few instances where we were unable to get appropriate audit evidence; the errors identified have been extrapolated.
- 7 This is a factual misstatement. This journal has been proposed to correct an understatement of Receivables in relation to the Loss in airports investment and Capital expenditure incurred by the council billed to Ministry of Transport.

## Appendix 2: Uncorrected disclosure deficiencies

Detail of disclosure deficiency	Explanation of why not corrected