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Reference: Deloitte Representation Letter 2022

15 March 2023

Bruno Dente
Deloitte
PO Box 17
HAMILTON 3240

REPRESENTATION LETTER FOR THE YEAR ENDED 30 JUNE 2022

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 South Waikato District Council ("the Council") for the year ended 30 June 2022 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 2022; 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 Public Benefit Entity Reporting Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2022, including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- 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 International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources, 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 the council) to prevent and detect fraud (*a requirement of paragraph NZ40.1(a) in ISA (NZ) 240*).

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 2022; 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 Public Benefit Entity Reporting Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2022, including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable (*a requirement of paragraph NZ22.1 in ISA (NZ) 540*).
- we have completed a fair value assessment of all asset classes that are under a valuation method. For those assets that have not been revalued in the current year, we believe that the carrying value does not materially differ to the fair value.
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements (*a requirement of paragraph NZ26.1(b) in ISA (NZ) 550*);
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure (*a requirement of paragraph NZ9.1 in ISA (NZ) 560*); and
- we believe the effects of uncorrected misstatements and omitted disclosure items are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole, a list is at appendix A. A list of the omitted disclosure items is attached in appendix B to this representation letter (*a requirement of paragraph NZ14.1 in ISA (NZ) 450*).
- 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 Local Government Act 2002 (*a requirement of paragraph NZ12.1 in ISA (NZ) 501*).

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 (*a requirement of paragraph NZ40.1(b) in ISA (NZ) 240*);

Reference: [

- 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 (*a requirement of paragraph NZ40.1(c) in ISA (NZ) 240*).
- 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 (*a requirement of paragraph NZ40.1(d) in ISA (NZ) 240*);
- 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 (*a requirement of paragraph NZ17.1 in ISA (NZ) 250 (Revised)*);
- 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.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware (*a requirement of paragraph NZ26.1(a) in ISA (NZ) 550*); and

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the 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 2022. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Council during the period of one year from the date of signing the financial statements and the statement of performance, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting. This includes our consideration of the impact of COVID-19 on our business..

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Council.

Throughout the year, the Council has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios (*a requirement of paragraph NZ 16.1 in ISA (NZ) 570*).

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

Yours faithfully

Mayor – Gary Petley

Chief Executive – Susan Law

Appendix A - Uncorrected misstatements

Unadjusted misstatements identified	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Profit or loss Dr/(Cr) (\$'000)
Current year:				
Assets held for sale (overstatement of fair value of assets held for sale)	-390			390
Over accrual (Lack of support for accruals recorded – judgemental error)		205		-205
Overstatement of income and expense related to salary recoveries.				655 -655
Prior year (identified in the current year)				
Overstatement of income and expense related to salary recoveries (prior year/current year impact)			625 -625	
Total	-390	205	-	185

Appendix B - Omitted Disclosures

Omitted disclosures assessed by management as not being material	Ref	Management's response
Contingent Liability in regard to a legal dispute is not disclosed	PBE IPSAS 19	Management consider the likely outcome to be immaterial to the financial statements.
The mandatory measure related to part 4 of the drinking water standards is only partially achieved. Although this is reported in the annual report, there is limited disclosure on the water supply that is non-compliant.	n/a	Management consider the likely outcome to be immaterial to the financial statements.
The capping costs associated to the landfill have been included within capital funding when these should be operational to align to the audit adjustment. Noting this does not impact the total FIS therefore not considered material to the user of the FS.	n/a	Management consider the likely outcome to be immaterial to the financial statements.