



29 September 2009

Andy Burns
Director
Audit New Zealand
PO Box 99
Wellington

PO Box 11646
Wellington 6142
142 Wakefield St
New Zealand
T 04 384 5708
F 04 385 6960
W www.gw.govt.nz

Greater Wellington is the promotional
name of the Wellington Regional Council

Dear Andy

Letter of Representation for the year ended 30 June 2009

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the financial statements for the year ended 30 June 2009 of:

- Greater Wellington Regional Council (Regional Council); and
- the Group, comprising the Regional Council and its subsidiaries.

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether the financial statements comply with generally accepted accounting practice in New Zealand and fairly reflect the financial position of the Regional Council and Group as at 30 June 2009 and of the results of its operations and cash flows and service performance achievements for the year then ended in accordance with:

- the Local Government Act 2002.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on



the financial statements, and that such an examination would not necessarily disclose any or all irregularities should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the Local Government Act 2002.
- 2 The financial statements are free of material misstatements, including omissions.
- 3 The statement of service performance fairly reflects the achievements of the Regional Council and Group in relation to its objectives.
- 4 Accounting policies, as defined in the financial statements, have been applied consistently throughout the year and any significant change in accounting policy has been disclosed in the financial statements.
- 5 No transactions and balances (including cash and investment accounts) have been offset, except where a right of set-off is permitted by generally accepted accounting practice in New Zealand.
- 6 The records maintained by the Regional Council and Group during the year were:
 - adequate for the preparation of the Regional Council and Group's financial statements; and
 - in accordance with the requirements of the Inland Revenue Department.
- 7 We have made available to you all accounting records, including supporting documentation, and there have been no material transactions which have not been recorded in the accounting records.
- 8 All minutes of meetings of the Regional Council and its sub-committees held to date have been made available to you for

inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

- 9 We have informed you of the existence of all agreements relating to agencies, subsidiary companies, joint ventures, trust funds or partnerships or other contractual agreements.
- 10 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 11 We are not aware of any events subsequent to year end which require adjustment of, or disclosure in, the financial statements or notes thereto.
- 12 The information contained in the Regional Council and Group's financial statements are consistent with the information contained elsewhere in the annual report.

Publication of the financial statements and related audit report on the Regional Council's web site

- 13 The Regional Council accepts that it is responsible for the electronic presentation of the audited financial statements.
- 14 The electronic version of the audited financial statements and related audit report presented on the web site are the same as the final signed version of the audited financial statements and audit report.
- 15 We have clearly differentiated between audited and unaudited information in the construction of the Regional Council's web site and understands the risk of potential misrepresentation in the absence of appropriate controls.
- 16 We have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- 17 Where the audit report on the full financial statements is provided on the web site, the financial statements are also provided in full.

Internal control systems and compliance with laws, regulations and contractual obligations

- 18 The Regional Council accepts that it is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Regional Council also acknowledges its responsibility for the design and implementation of internal control to prevent and detect fraud. The Regional Council has maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information and safeguard assets.
- 19 There have been no changes to, or introduction of new, information systems during the year that could adversely impact the completeness and accuracy of the Regional Council and Group's information and underlying data.
- 20 The Regional Council accepts that it is responsible for ensuring and has in place appropriate systems and mechanisms to ensure, that all applicable aspects of legislative, regulatory and contractual requirements, which impact on the activities and functions of the Regional Council and Group have been complied with. To the best of its knowledge the Regional Council has complied with all legislative, regulatory and contractual requirements during the year.
- 21 The Regional Council's actions during the financial year were according to and within its powers. In addition, we have disclosed to you all known actual or potential instances of non-compliance with any legislative, regulatory or contractual requirement which we have considered for inclusion in the financial statements as a liability, contingency or commitment.
- 22 No claims or notices of litigation have been or are expected to be received, other than in Note 25.
- 23 The Regional Council and Group has not been directly represented by solicitors for the year ended 30 June 2009, other than Bell Gully, Chapman Tripp, DLA Phillips Fox, Luke Cunningham & Clere, McBride

Davenport James, Thompson Vodanovich, Chris Abbot, Oakley Moran and Simpson Grierson.

- 24 Expenditure relating to restricted reserves, trusts and monies held on behalf of third parties has been paid in accordance with the purposes of the restricted reserve, trust deed or any other agreement or understanding, and has been appropriately authorised.

Large or unusual transactions or events

- 25 We have provided full and complete information regarding the identification of related parties. The identity of related parties, related party transactions, and related amounts receivable or payable (including fees, commissions, purchases and sales, loans, transfers, leasing arrangements and guarantees) have been properly recorded and disclosed in the financial statements.
- 26 No loan has been made to any member of the Regional Council or staff member of the Regional Council and Group. Nor have any guarantees been entered into or securities provided in connection with a loan made to a member of the Regional Council or staff member during the year that have not been disclosed in the financial statements.
-
- 27 All revenue earned prior to 30 June 2009 has been taken into account and, except as disclosed in the financial statements, the results for the year were not materially affected by:
- transactions of a sort not usually undertaken by the Regional Council and Group;
 - circumstances of an exceptional or non-recurrent nature;
 - charges or credits relating to prior years;
 - any change in the basis of accounting or application of accounting policies;
 - losses arising from sale and purchase commitments; and

- transactions or agreements with related parties (such as subsidiaries, in-substance subsidiaries, affiliates, principal stakeholders, members of the Regional Council or management) which were not in the ordinary course of business.

28 We have disclosed to you:

- the results of any assessment made by the Regional Council or management that the financial statements of the Regional Council and Group may be materially misstated as a result of fraud;
- any fraud or suspected fraud affecting the Regional Council and Group involving members of the Council, management, employees of the regional Council or any of its subsidiaries, or any other parties; and
- any allegations of fraud, or suspected fraud, affecting the Regional Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

29 We have disclosed all obligations in respect of options (put and call), guarantees, on-selling and buy back agreements, and all other arrangements (contingent or otherwise) relating to the acquisition or disposal of assets, including investments.

30 The Regional Council and Group have no off-balance sheet assets or liabilities, including financial derivatives, except as disclosed in the financial statements.

Assets

31 The Regional Council and Group has satisfactory title to all assets, and there are no liens or encumbrances on the assets, except for those that are disclosed in the financial statements.

32 All current assets are expected to realise, in the ordinary course of business, at least the value at which they are recorded in the financial

statements and are expected to be realised within 12 months. Adequate provision has been made for all uncollectable or doubtful amounts owing to the Regional Council and Group.

- 33 The carrying amount of non-current assets measured at historical cost has been reviewed to determine whether it is in excess of the asset's recoverable amount. Where an asset's estimated recoverable amount is lower than its carrying amount, it has been written down to that lower value.
- 34 Non current assets of the Regional Council and Group that are measured on a valuation basis are recorded at valuations that are not materially different from their fair value.
- 35 All property, plant and equipment are included in the financial statements. Capital expenditure charged during the year is stated at cost and represents actual additions to property, plant and equipment. Property, plant and equipment disposed of or abandoned has been removed from the financial statements. No property, plant and equipment additions or improvements of a material amount were charged to expenses.
- 36 The rate of depreciation applied to each asset is sufficient to amortise the cost or valuation of that asset over its estimated remaining useful life.
- 37 Adequate insurance has been affected in respect of all assets and insurable risks generally, and all policies are still current.
- 38 All vested assets and/or donations have been accounted for in the financial statements.

Liabilities

- 39 All known or ascertainable material liabilities of the Regional Council and Group at balance date have been reflected in the financial statements.
- 40 We have made adequate provision for all known and anticipated losses at the date of this letter.

Guarantees, contingencies and commitments

- 41 The nature of any guarantee given by or on behalf of the Regional Council and Group is fully disclosed in the financial statements.
- 42 There are no known material contingent liabilities or contingent assets at balance date other than those disclosed in the financial statements.
- 43 There are no known material commitments at balance date other than those disclosed in the financial statements.

Going concern

- 44 We also confirm that, to the best of our knowledge and belief, the Regional Council and Group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Regional Council continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2009. We have reached this conclusion after making enquiries and having regard to circumstances which we consider likely to affect the Regional Council and Group during the period of one year from 29 September 2009, and to circumstances which we know will occur after that date which could affect the validity of the going concern assumption.
- 45 We consider the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Regional Council and Group.
- 46 Throughout the year the Regional Council and Group has conformed with the requirements of its banking arrangements, debenture trust deeds or negative pledge agreements, including those relating to its net tangible assets ratios.

Unadjusted misstatements



- 47 The financial statements are free from material misstatements, including omissions. We are aware of the unadjusted misstatements

identified by you during the course of your audit and identified in Appendix 1 to this letter. We have considered the misstatements and have determined that they are individually and collectively not material to the financial statements. We believe that no adjustment is required to be made in respect to any of these items.

48 We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we have not identified any disclosures that have been omitted from our financial statements.

These representations are made at your request, and to supplement information obtained by you from the records of the Regional Council and Group and to confirm information given to you orally.

Yours sincerely



Fran Wilde
Chairperson of the Council

Dave Benham
Chief Executive



Barry Turfrey
Chief Financial Officer

Appendix 1: Unadjusted Misstatements

Current year misstatements (Including explanation why not corrected)	Assets	Liabilities	Equity	Income Statement
	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Provision for doubtful debts (rates) not required	572			(572)
Management Comment				
<i>This adjustment was not made because Greater Wellington is of the opinion that having a provision for doubtful debts is both prudent and appropriate. In the past there have been errors with regard to rates. In Greater Wellington's view this is not a misstatement.</i>				
Total Known Misstatements	572			(572)

Contingent Liabilities misstatement

Overstated \$412,000

Contingent liabilities included where there is no past event.

Management Comment

This adjustment was not made because Greater Wellington is of the view that disclosing these items as contingent liabilities is prudent and gives the reader of the financial statements more information than not disclosing them.