



greater WELLINGTON
REGIONAL COUNCIL

29 September 2008

Andy Burns
Director
Audit New Zealand
PO Box 99
Thorndon
Wellington 6140

Dear Andy

Letter of Representation for the year ended 30 June 2008

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 2008 of:

- The Wellington Regional Council (Regional Council);
- the Group, comprising the Regional Council and its subsidiaries; and
- each of the wholly-owned subsidiaries (WRC Holdings Ltd, Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd, Greater Wellington Rail Ltd, Pringle Hose Ltd, Port Investments Ltd and Grow Wellington Limited).

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 Regional Council and Group as at 30 June 2008 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 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 Regional Council and Group during the year were:
 - adequate for the preparation of 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 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 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 Regional Council's web site

- 13 The 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 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 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 Council also acknowledges its responsibility for the design and implementation of internal control to prevent and detect fraud. The 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 Regional Council and Group's information systems and underlying data.
- 20 The 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 Regional Council and Group have been complied with. To the best of its knowledge the Council has complied with all legislative, regulatory and contractual requirements during the year.
- 21 The 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 those in Note 25.
- 23 Regional Council and Group has not been directly represented by solicitors for the year ended 30 June 2008, other than DLA Phillips Fox, Bell Gully, Simpson Grierson and Oakley Moran.

- 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 Council or staff member of 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 Council or staff member during the year that have not been disclosed in the financial statements.
- 27 All revenue earned prior to 30 June 2008 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 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 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 Council or management that the financial statements of Regional Council and Group may be materially misstated as a result of fraud;
- any fraud or suspected fraud affecting Regional Council and Group involving members of the Council, management, employees of the Council or any of its subsidiaries, or any other parties; and
- any allegations of fraud, or suspected fraud, affecting 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 Regional Council and Group has no off-balance sheet assets or liabilities, including financial derivatives, except as disclosed in the financial statements.

Assets

31 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 Note 21 to 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 twelve months. Adequate provision has been made for all uncollectable or doubtful amounts owing to 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 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 is 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 effected 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 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 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, Regional Council and Group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Council continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2008. We have reached this conclusion after making enquiries and having regard to circumstances which we consider likely to affect Regional Council and Group during the period of one year from 29 September 2008, 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 Regional Council and Group.
- 46 Throughout the year 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 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 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: Unadjusted misstatements

Current year misstatements	Assets	Liabilities	Equity	Income Statement
(Including explanation why not corrected)	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Council				
Provision for doubtful debts (rates) not required	576	-	-	(576)
Management comment				
<i>This adjustment was not made because ...</i>				

Current year misstatements	Assets	Liabilities	Equity	Income Statement
(Including explanation why not corrected)	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000	Dr (Cr) \$000
Total known misstatements for Council	576	-	-	(576)
Group				
Nil	-	-	-	-
Total known misstatements	576	-	-	(576)



greater WELLINGTON
REGIONAL COUNCIL

29 September 2008

Andy Burns
Director
Audit New Zealand
PO Box 99
Wellington

Dear Andy

Letter of Representation for summary accounts of Wellington Regional Council and group for the year ended 30 June 2008

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the Wellington Regional Council and group's Summary Annual Report.

It is furnished to you in connection with your responsibility to express an opinion as to whether the Summary Annual Report complies with the requirements of the Local Government Act 2002 (the Act) and generally accepted accounting practice in New Zealand.

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 Summary Annual Report, 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:

- 1 The Summary Annual Report has been prepared in accordance with FRS 43, and the information contained therein is consistent with the full financial statements from which it is derived.
- 2 The information contained in the Summary Annual Report represents fairly and consistently, the information regarding the major matters dealt with in the annual report.
- 3 We acknowledge that the preparation of the Summary Annual Report and compliance with the Local Government Act 2002 and generally accepted accounting practice in New Zealand is the responsibility of the Council.
- 4 In our view all statutory requirements have been met in preparing the Summary Annual Report.

Unadjusted misstatements

- 5 The Summary Annual Report 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 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.
- 6 We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our summary 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 Council and to confirm information given to you orally.

Yours sincerely

Fran Wilde
Chair

David Benham
Chief Executive

Barry Turfrey
Chief Financial Officer

Appendix: Unadjusted misstatements

Current year misstatements (Including explanation why not corrected)	Assets Dr (Cr) \$000	Liabilities Dr (Cr) \$000	Equity Dr (Cr) \$000	Income Statement Dr (Cr) \$000
Council				
Provision for doubtful debts (rates) not required	576	-	-	(576)
Management comment <i>This adjustment was not made because ...</i>				
Total known misstatements for Council	576	-	-	(576)
Group				
Nil	-	-	-	-
Total known misstatements	576	-	-	(576)