

Audit Report

Independent Auditor's Report

To the readers of Far North District Council and group's annual report for the year ended 30 June 2012

The Auditor General is the auditor of Far North District Council (the District Council) and group. The Auditor General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statements of service performance and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 25 to 71, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance and 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, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the statements of service performance of the District Council and group on pages 74 to 183 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, statements of service performance and other information

In our opinion:

- The financial statements of the District Council and group on pages 25 to 71:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council and group's financial position as at 30 June 2012; and the results of its operations and cash flows for the year ended on that date.
- The statements of service performance of the District Council and group on pages 74 to 175:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, 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 other information of the District Council and group contained in the financial statements on pages 19 and 176 to 183, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 25 October 2012. 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 District 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, statements of service performance and other 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, statements of service performance and other 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, statements of service performance and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statements of service performance and other 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, statements of service performance and other 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 District Council;
- the adequacy of all disclosures in the financial statements, statements of service performance and other information;
- determining the appropriateness of the reported statements of service performance within the District Council's framework for reporting performance; and
- the overall presentation of the financial statements, statements of service performance and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statements of service performance and other 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 District Council

The District Council is responsible for preparing:

- financial statements and statements of service performance 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; and
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.



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

The District 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, statements of service performance and other 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 and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



John Scott
Audit New Zealand
On behalf of the Auditor General
Auckland

Statement of Compliance

Compliance

Council and management of the Far North District Council are responsible for preparing this report and financial statements and confirm that all statutory requirements of the Local Government Act 2002 have been complied with.

In our view this Annual Report fairly reflects the financial position, performance outcomes and operating results of the Council and its subsidiaries for the year ended 30 June 2012.

Responsibility

Council and management of the Far North District Council accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them.

Council and management of the Far North District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of Council and the management of the Far North District Council, the annual financial statements and statements of service performance for the year ended 30 June 2012 fairly reflect the financial position, performance and operations of the Far North District Council and Group.



Wayne Brown
MAYOR
25th October 2012



David Edmunds
CHIEF EXECUTIVE
25th October 2012

