

**Report to Council on the audit of
Palmerston North City Council and group
for the year ended 30 June 2016**

Key messages

We have completed the audit for the year ended 30 June 2016. This report sets out our findings from the audit and draws attention to areas where Palmerston North City Council (the City Council) is doing well and where we have made recommendations for improvement.

Audit opinion

We issued an unmodified audit opinion on 26 September 2016. This means that we are satisfied that the financial statements and statement of service performance fairly reflect the City Council and group's activity for the year and the financial position at the end of the year.

Significant matters considered during the audit

1 Assessment of control environment and internal controls

There were no significant control deficiencies identified during our review of financial and performance reporting systems.

Overall the control environment is effective.

2 Actual renewals and capital expenditure below forecasts

The City Council has improved the level of renewal and capital spend against planned expenditure. However, actual capital expenditure remains lower compared to budgeted capital expenditure in its capital programmes.

This is a risk because it has the potential to impact on the City Council's ability to deliver the levels of service committed through the Long Term Plan and annual plan processes. It can also cause cost escalation issues if projects are not completed in a timely manner.

The City Council will continue to respond to the performance issues through the implementation of its action plan which was developed last year. Further improvements have been identified which have been agreed by management through the review by internal audit over procurement, contract management, and project management.

It is important that the City Council to continue to implement its action plan and internal audit's recommendations.

3 Mandatory performance measures

We reconfirmed that the performance framework from the 2015 to 2025 Long Term Plan remains an appropriate base to enable the Council to tell a concise performance story.

This is the first year that the City Council has had to report against the Department of Internal Affairs' mandatory performance measures. Overall we are satisfied that the City Council's performance information over these measures fairly reflects the actual performance of the City Council for the year. We have noted some areas of improvement in section 2.2.2 of this report.

4 **Operational land and buildings revaluation**

The City Council revalued its land and building assets effective 30 June 2016. The valuation resulted in an increase of \$12.5 million which we assessed as reasonable and in line with our expectations with what the market has been doing in the Palmerston North region in the last three years.

From our review we are satisfied that the valuation complies with generally accepted accounting practice and the revaluation movements are correctly disclosed.

5 **Restructure of City Enterprises (Operation Division)**

We obtained an update from the recent changes within City Enterprises and noted no negative impact on the control environment.

Issues identified during the audit

The following table summarises our recommendations and their priority:

Item	Recommendation	Urgent	Necessary	Beneficial
2.1	Actual renewals and capital expenditure below forecasts Continue to implement the action plan along with internal audit's recommendations around procurement, contract management, and project management.	✓		
2.2.2	Performance measure rules Overall improvements to the collection and reporting of data.		✓	
2.7	Presentation of the Financial Overview in the annual report Ensure what is reported in the financial overview section of the annual report is a balanced summary for the year and that it does not take away from the results in the financial statements.			✓
2.8	Payment dates for targeted rates for water supply Council review its rates resolution and, if appropriate, seek independent advice over whether its resolution meets the requirements of section 24 of the Local Government (Rating) Act 2002 in relation to payment dates for targeted water rates.	✓		
2.9	No post input review of journals Consider implementing an independent post input review of journal entries.		✓	

There is an explanation of the priority rating system in Appendix 1.

Thank you

We would like to thank the Council, management and staff for their assistance throughout the audit.

Karen Young
Audit Director
18 November 2016

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1 Our audit opinion

1.1 We issued an unmodified audit opinion

We issued an unmodified audit opinion on 26 September 2016. This means that we are satisfied that the financial statements and statement of service performance fairly reflect the City Council and group's activity for the year and the financial position at the end of the year.

In forming our audit opinion, we considered the following matters.

1.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. However, over the course of the audit, we did find:

- certain misstatements that are individually and collectively not material to the financial statements and the statement of service performance; and
- certain immaterial disclosures required by generally accepted accounting practice that have been omitted from the financial statements.

We have discussed any misstatements that we found with management. The significant misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

2 Significant findings from the audit

2.1 Actual renewals and capital expenditure below forecasts

We found:

- The City Council has improved the level of renewal and capital spend against planned expenditure. However, actual capital expenditure remains lower compared to budgeted capital expenditure in its capital programmes.
- It prioritised its renewals programme ahead of new capital expenditure.
- Across different areas of the City Council the extent of underspend varied between assets accumulating in a significant under delivery of the capital programme.

The ability to spend the full budget is dependent on meeting third party and external funding requirements, which we acknowledge is not always possible. However, the City Council should continue to make improvements in this area.

Item	Percentage of budget spent (%)		Actual expenditure (millions)	
	2015/16	2014/15	2015/16	2014/15
Renewals	87	80	18.5	15.5
New capital	40	35	12.4	7.4

Given the significant underspend in the past and the time it will take for the City Council's action plan to be fully implemented we did not expect the City Council to reap the full benefits of the plan straight away. We did, however, identify improvements made from last year.

Through our discussions with senior management and Council it was identified that internal audit was completing various reviews in this area to see where additional improvements could be made. Due to these reviews taking place our approach this year was to obtain an update on improvements the City Council has made and review the findings of the internal audit reports.

The internal audit reports relating to procurement, contract management, and project management identified a number of recommendations where the City Council needs to improve. The findings and recommendations have been agreed with management who are in the process of incorporating these into their current action plan. We have reviewed and agree with the recommendations made and stress the importance for the City Council to resolve them in a timely manner.

Recommendation

Continue to implement the action plan along with internal audit's recommendations around procurement, contract management, and project management.

Management comment

In 2015/16 the actual capital expenditure incurred was 34% higher than the prior year, achieved with substantially the same level of asset management resources. With the increasing project requirements, including in obtaining approvals and consultation, further increases are limited by resources available.

It is recognised that implementation and development of systems, planning and completion of programmes is essential with further improvement seen in the early 2016/17 year.

Continued review and development of the action plan together with implementation remain a priority.

2.2 Audit of performance information

2.2.1 Current performance framework

We have reconfirmed that the performance framework from the 2015 to 2025 Long Term Plan remains appropriate.

Our audit work over the performance reports took into account the:

- quality of the overall story the performance reporting tells;
- reliability/accuracy of the reporting;
- completeness of the reporting against the performance framework as outlined in the LTP; and
- compliance with relevant legislation (in particular the Local Government Act 2002, Schedule 10).

We confirmed that the framework and associated performance measures provide an appropriate basis for performance reporting in 2015/16.

2.2.2 Mandatory performance measures

The Non-Financial Performances Measures Rules 2013 promulgated by the Department of Internal Affairs specified a set of standard performance measures for all local authorities. These measures were included in the 2015 to 2025 Long Term Plan and this is the first year the City Council has been required to report against them in the annual report.

With this being the first year we expected that there would be some teething issues for some councils, and we did identify areas for improvement throughout this audit. However, overall we are satisfied that the City Council's performance information over these measures fairly reflects the actual performance of the City Council for the year.

We have the following recommendations for improvement:

- Continue to review the effectiveness of current reporting and systems to accurately capture the underlying data and to ensure the data is complete. Systems and processes should be formally documented and regular training provided to all staff involved.
- Perform a regular weekly quality review of data entered into the Request for Service (RFS) system in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should focus on following up unclosed jobs, ensuring all data fields are updated and reviewing any unusual response times. We would expect that these reviews are formally evidenced by way of a date and signature.

- Ensure data fields include information to clearly show why data has been amended or re-categorised with a clear audit trail of any changes made and who authorised these.
- Document any calls that are excluded as DIA service requests or complaints. This may require additional fields to be added to the existing RFS if this information is not already captured.
- Continue to review Department of Internal Affairs' guidance to ensure that the data being captured and reported meets the mandatory reporting requirements. We expect that there will be further clarification around these measures as they become embedded into the annual reporting.
- Ensure there is a system in place to check contractor times recorded are accurate instead of relying solely on the time that the contractor/staff noted. This is important to ensure accurate monitoring of performance by contractors against the City Council's key performance targets.

Management comment
Consideration will be given to the recommendations and practicality within existing resources. Additional review will also occur in preparation of the 2018 long-term plan performance measures and planned implementation of a new non-financial reporting system.

2.3 Operational land and buildings revaluation

The City Council revalued its land and building assets effective 30 June 2016. The valuation resulted in an increase of \$12.5 million.

We reviewed the controls in place, valuation methodology, tested key assumptions back to supporting documentation, and tested revaluation movements. We also met with the valuer. From our review we are satisfied the revaluation complies with generally accepted accounting practice and the revaluation movements have been appropriately accounted for and disclosed.

2.4 Restructure of City Enterprises (Operation Division)

As part of the audit we gained an understanding of the new operating structure within City Enterprises and remained alert to any impact on the control environment from the changes. From our review there were no significant changes identified that had a negative impact on the control environment.

From our discussions with senior management, the restructure has been beneficial.

2.5 Suspected frauds

Audit were made aware of two instances of suspected fraud, one arising from the handling of cash. We reviewed how the City Council dealt with these matters and are satisfied that the City Council has dealt with the fraud appropriately and in line with

its fraud policy. It has also reviewed cash handling processes throughout the City Council.

We have assessed that the frauds do not have a material impact on the financial results.

During the year, fraud risk and awareness workshops were held. These were attended by staff with management responsibilities. The Chief Financial Officer and Senior Internal Auditor attended a fraud forum to improve their understanding of the motivation of people who commit fraud, and how to protect and prevent fraud in an organisation.

2.6 Wastewater resource consent

Our understanding of the status of the consent as at 26 September 2016 is that a way forward has been agreed on by the City Council and Horizons Regional Council over the wastewater resource consent. The agreement is that the Council will apply for a new consent by June 2022, six years before the end of the current consent.

From discussions with management the City Council are in the very early stages of what work they will need to do to obtain a new consent with initial workshops being held. The current cost estimates for a new wastewater discharge consent in present day terms range between \$30 million – \$100 million. Cost in the upper range would have an impact on future projects in the current LTP.

The City Council continues to concentrate on managing its balance sheet to ensure that that it remains within its limits set out in the liability management policy and the Local Government Funding Agency limits. The City Council is currently well under its limits but it could become an issue going forward if costs escalate significantly.

We expect the wastewater issue and the impact on affordability will be the key point in the Council's next LTP.

We will continue to monitor the matter in future audits.

Management comment
<p>Wastewater consent requirements will continue to be monitored as part of the annual plan and long-term plan processes with any requirements and constraints incorporated into those plans and reported to Council.</p> <p>This will involve establishment of a project team to conduct a Best Practicable Option review. Options will be identified and engagement take place with Iwi and the community before Council decides by June 2021 on the Best Practicable Option to seek consents for.</p>

2.7 Presentation of the Financial Overview in the annual report

The financial overview within the annual report covers the City Council's financial performance for the year. Within this section the City Council does not use generally accepted accounting principles (GAAP) related concepts. Instead, terms like

'controllable operating surplus' and 'surplus over its rates funded operating cost budget' are used.

The City Council uses these related concepts as this is what is reported in the Long-Term Plan and Annual Plan, and it is of the view that they are more beneficial to the reader of the financial statements as these are based on what the rate payers are rated on. The City Council needs to ensure this section is clear and transparent, and is consistent with the financial results in the financial statements.

Recommendation

Ensure what is reported in the financial overview section of the annual report is a balanced summary for the year and that it does not take away from the results in the financial statements.

Management comment
As noted GAAP prepared financial statements do not evidence how rates are calculated and applied. The financial overview illustrates the rates actually received and application with this considered an essential accountability requirement. A reconciliation is provided between that, the information in the service provision statements and financial statements. Each year this is reviewed to ensure accountability.

2.8 Payment dates for targeted rates for water supply

The High Court has recently considered the requirements of section 24 of the Local Government (Rating) Act 2002. Section 24 requires rates resolutions to specify the due dates for the payment of rates. In an interim judgment affecting the Northland Regional Council, the High Court found that the Regional Council's rates resolution did not meet the requirements of section 24 because it specified payment dates by reference to dates to be set by collecting territorial authorities. The High Court said that a rates resolution should include calendar dates for the due dates for rates. It was not sufficient to define the due date by reference to some other document.

The High Court found other issues with the way the territorial authorities were collecting rates for the Regional Council, but has not yet determined what relief will be given.

It is appropriate for all councils to consider the High Court's view of the requirements of section 24 of the Local Government (Rating) Act 2002, and how the judgment might affect them.

Based on the information received to date, we note the City Council has not specified calendar dates in its rates resolution for targeted rates for water supply. Although the High Court did not consider the issue of dates for targeted water rates, including volumetric or metered water rates, we believe this is a potential risk for the City Council to consider.

Recommendation

Review rates resolution and, if appropriate, seek independent advice over whether its resolution meets the requirements of section 24 of the Local Government (Rating) Act 2002 in relation to payment dates for targeted water rates.

Management comment
The Council is aware of the interim judgment of the High Court. When preparing the rates resolution for 2017/18 this will be considered.

2.9 No post input review of journals

Findings

We noted during our review of the journal system that there is no independent post input review of journals. A post input review provides assurance that journals have been correctly input into the ledger. The lack of a post input review of journals increases the risk of errors or manipulation occurring via journals.

We understand that there are other processes in place that the City Council would expect issues to be picked up by someone other than those who have prepared the journals. However we still consider this a risk area for the City Council as this process is not fool proof as these staff may not have the appropriate understanding of journals processed.

Recommendation

Implement an independent post input review of journal entries.

Management comment
Within any system there are processing risks. It is believed these are adequately compensated for through budget manager review of reports, management accountant review and reconciliation of all balance sheet accounts. These are considered sufficient with the additional staffing cost requirement of any review not warranted.

3 Control environment

We performed a high-level review of the control environment. We considered the overall attitude, awareness, and actions of the Council and management in establishing and maintaining effective management procedures and internal controls. Our assessment of these areas was based on regular discussions with key members of senior management, members of the Council, and our accumulated knowledge of the City Council's business.

In performing this assessment we consider both the “design effectiveness”¹ and “operational effectiveness”² of internal control. The explanation of these terms is outlined below. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

4 Status of previous recommendations

The status of each matter that was outstanding from the 2016 interim management report to the City Council is summarised in Appendix 4.

Summary of action taken against previous years’ recommendations:

Number of recommendations from previous years’ audits	Current status
1	Matter considered closed.
3	Progress is being made, but not yet fully resolved.
1	We will continue to monitor this important matter.

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is “fit for purpose”.

² Control has operated effectively throughout the period tested.

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the City Council is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

Urgent

Major improvements required

Needs to be addressed *urgently*

These recommendations relate to a significant deficiency that exposes the City Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.

Necessary

Improvements are necessary

Address at the earliest reasonable opportunity, *generally within six months*

These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.

Beneficial

Some improvement required

Address, *generally within six to 12 months*

These recommendations relate to deficiencies that result in the City Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 2: Uncorrected misstatements

Note	Statement of comprehensive revenue and expense		Statement of financial position	
	Debit \$000	Credit \$000	Debit \$000	Credit \$000
1	-	-	995	995

Explanation for uncorrected misstatements

In 2009 two bonds were incorrectly reclassified into the financial asset category fair value through profit and loss from the financial asset category held to maturity. The moving between the two financial categories is not permitted by the accounting standard. This has resulted in the financial asset category fair value through profit and loss being overstated by \$995,000 and the financial asset category held to maturity being understated by \$995,000. The overstatement and understatement has no effect on the total financial assets.

Background

Up to 30 June 2009 bonds were held and managed in two financial categories. During the 2009/10 financial year management of the bonds changed so that the two categories were treated as one. Accordingly they were transferred into the existing dominant single financial category "Fair Value through Surplus or Deficit" relating to how the bonds were to then be managed. The City Council determined that having separate categories would have been confusing and not material. This change was fully disclosed at the time and we accepted that the effect was not material.

Management's explanation for not correcting the misstatements

Council had resolved to progressively wind down the investment fund to retire debt or apply in substitution for new debt. With this the management of the bonds was consolidated from part being managed externally to all managed internally. Accounting treatment was reviewed and the accounting treatment applicable on this basis was adopted as if no prior accounting treatment existed. This was the most appropriate basis and while it differed from accounting standards there was no material difference while providing a less confusing approach.

Appendix 3: Other areas of interest for all local authorities

Business risk or issue	Our audit response
Rates legislative compliance	
<p>Rates are Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The City Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</p>	<p>We have reviewed the City Council's rating setting process for the 2015/16 rating year and are satisfied that the material rates which have been set are valid and have followed the process set out in the Local Government (Rating) Act 2002. Under point 3.1 we have recommended the City Council review its rate resolution in light of the ruling from the High Court over Northland Regional Council.</p> <p>We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit and our expertise as auditors. The City Council is responsible for ensuring that it complies with applicable laws and regulations.</p>
Impairment assessment for property, plant and equipment and other fixed assets	
<p>PBE IPSAS 21 <i>Impairment of Non Cash Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash Generating Assets</i> require assets held at cost to be assessed for indicators of impairment on an annual basis. PBE IPSAS 17 <i>Property, Plant and Equipment</i> requires revalued assets to be carried at a revalued amount that does not differ materially from fair value as at reporting date.</p>	<p>We reviewed the City Council's impairment assessment and are satisfied that no impairment indicators exist which require the City Council to impair any of its property, plant and equipment.</p>
Annual report disclosures	
<p>Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 detail disclosures to be included in the annual report. Council should review these requirements to ensure all disclosures have been included in the annual report.</p>	<p>We ensured that the disclosures required by Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 have been appropriately included in the City Council's annual report. From our review we are satisfied that there are appropriate disclosures within the annual report.</p>
Funding Impact Statements (FIS)	
<p>The City Council's annual report will identify and explain any significant financial and service performance variances from those planned. While the FIS incorporates two years' comparative information, we expect the primary focus of variance explanations at the Group of Activities level and whole of Council will be against the 2015 to 2025 LTP forecasts.</p>	<p>We reviewed the City Council's reported performance against the 2015 to 2025 LTP. We assessed that the variance analysis and explanations in the annual report are reasonable and complete.</p>

Business risk or issue	Our audit response
Elected members – remuneration and allowances	
<p>The Local Government Act gives the Remuneration Authority responsibility for setting the remuneration of local government elected members. The Authority also has the role of approving a Local Authority's policy on allowances and expenses.</p> <p>The City Council's annual report must disclose the total remuneration received by or payable to each member of the local authority in the reporting period (Schedule 10, clause 18, Local Government Act 2002). A local authority must disclose remuneration paid or payable to each member from both the local authority and any council organisation of the local authority.</p>	<p>We assessed the City Council's compliance with the requirement to disclose the remuneration of each member of the local authority in the annual report against the relevant Local Government Elected Members Determination and any amendment to that Determination. We noted no issues with compliance.</p> <p>We also confirmed that the payments are within the Determination set by the Authority with no issues noted.</p>
Treaty settlements and co-management	
<p>The Government aims to settle all historical Treaty of Waitangi claims by 2017. One part of cultural redress provided by the Crown to claimant groups is the establishment of future relationships and arrangements ("co-management") with government agencies, such as local authorities, that play significant roles in the areas with which the claimant group has traditional and cultural associations.</p>	<p>We are monitoring these types of arrangements and the implications across all Local Authorities.</p> <p>We confirmed with the City Council that the settlement with the local iwi Rangitāne is almost complete and expected to be completed in late 2017. The City Council is expecting that once it is complete some arrangements may be put in place, for example, around public reserves, but these will not be known until next year.</p> <p>We will continue to maintain awareness of progress and of any co-management arrangements put in place.</p>

Appendix 4: Follow up of audit recommendations carried forward from 2016 interim management report

Table 1: Issue considered closed or in progress

Recommendation	Current status
Audit and Risk Committee	
<p>Following the Elections, the Council should consider reviewing the composition of the Audit and Risk Committee with a view to appointing an external member who can bring additional skill to the committee that would not normally be available, but also bring a degree of independent perspective to the risks, issues, and challenges facing the City Council and help to manage the variability of delivery of outputs, impacts, and outcomes.</p>	<p>No external members appointed to Audit and Risk Committee. Matter considered closed.</p> <p>Following the 2016 local government elections, the Council have considered the composition of new Audit and Risk Committee's membership. No external members have been appointed.</p>
Performance reporting systems	
<p>The City Council document how the information is extracted from the particular system and why certain results are included or excluded from the reported performance and result. This will ensure there is a common understanding of the measure.</p>	<p>In progress.</p> <p>The City Council has systems in place, but they require improvement. Refer to section 2.2.2 of this letter</p>
Contract management register	
<p>The City Council consider whether a whole of Council contract management system would be useful. We are of the view that it would be.</p>	<p>In progress.</p> <p>The City Council is utilising the Oasis system as a contract management register for the whole of the Council. All contracts are now required to be added to the Oasis system. The system is being modified to ensure its functionality is appropriate for all types of contracts.</p> <p>We will follow up during the 2016/17 audit to ensure the system is operating as intended.</p>

Recommendation	Current status
Business Continuity Plan	
<p>Business Continuity Plan (BCP) should be finalised and re-tested. Plans be regularly updated and tested.</p>	<p>In progress.</p> <p>The information management (IM) BCP plan has been finalised and is reviewed three monthly. The Plan is due to be tested later this year.</p> <p>The City Council plans to finalise IM Disaster Recovery following the implementation of new backup software scheduled in 2016/17.</p> <p>Following the implementation, disaster recovery testing will be scheduled.</p>
<p>Balance sheet reconciliations</p> <p>All reconciliations should be prepared in a timely manner, and independently reviewed.</p>	<p>We will continue to monitor.</p> <p>We found that balance sheet reconciliations are still not always completed and reviewed in a timely manner during the year.</p> <p>Our review during the final audit confirmed that all reconciliations were completed at 30 June 2016.</p> <p>We will continue to monitor the timeliness of monthly financial statements reconciliations going forward.</p>

Appendix 5: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the City Council's financial statements for the year ended 30 June 2016, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>In addition to this audit we carried out an assurance review of the City Council's Debenture Trust Deed which is compatible with those independence requirements.</p> <p>During the year we hired the City Council's Convention Centre at a cost of \$2,008.50. The amount of the transaction in our view is insignificant, was on normal terms within the ordinary course of the trading activities of the City Council, and did not impair our independence on the audit.</p> <p>Other than this audit, assurance review, and the use of the Convention Centre, we have no relationship with or interests in the City Council or any of its subsidiaries.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the City Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>