

24 November 2021

Mike Hawken
Deloitte
Chartered Accountants
PO Box 1245
Dunedin 9054

Dear Mike

Representation Letter for the Year Ended 30 June 2021

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the consolidated financial statements and consolidated statement of performance of Environment Southland (and Group) for the year ended 30 June 2021 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 2021; 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 Tier 1 PBE Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2021, 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, and entities 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 Environment Southland (and Group)) 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 2020; 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 Tier 1 PBE Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2021, 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 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*);
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole; and
- 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 Tier 1 PBE Standards (*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*);

- 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; and

- 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*).

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, Environment Southland (and Group) has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Councillors continue to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2021. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect Environment Southland (and Group) during the period of one year from which the financial statements are signed, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

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 Environment Southland (and Group).

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

Yours sincerely

Nicol Horrell
Chairman

W Falconer
Acting Chief Executive

Appendix 1 – Summary of uncorrected misstatements

No uncorrected errors noted.

Appendix 2: Summary of Disclosure misstatements

Prior Year - Omitted disclosures assessed by management as not being material

Consolidation – The elimination of the lease accounting required by SPNZ has been eliminated on a net basis in the financial statements of the Group. While this has no impact on the reported performance for the year, it does mean that depreciation is overstated by \$47,000, finance costs overstated by \$21,000 and lease expense understated by \$68,000. The classifications are neither individually or collectively material.
