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26 August 2014

Mr L Levy
Chairman
Auckland Transport
Private Bag 92250
Auckland 1142

Dear Lester

Letter of representation for the year ended 30 June 2014

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of service performance of Auckland Transport for the year ended 30 June 2014 for the purpose of expressing an opinion about whether:

- the financial statements comply with generally accepted accounting practice and fairly reflect the financial position of Auckland Transport as at 30 June 2014 and of the results of its operations and its cash flows for the year ended on that date; and
- the statement of service performance complies with generally accepted accounting practice and fairly reflects the service performance for the year ended 30 June 2014.

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). We also understand that your examination was (to the extent that you deemed appropriate) for the objectives of:

- providing an independent opinion on Auckland Transport's financial statements and performance information; and
- reporting on other matters relevant to Auckland Transport's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

To the best of our knowledge and belief:

- the resources and activities 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 Auckland Transport) to prevent and detect fraud.

Responsibilities for the financial statements and the statement of service performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of service performance, and 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 fulfilled our responsibilities for preparing and presenting the financial statements and the statement of service performance as required by the Local Government Act 2002 and, in particular, that:
 - the financial statements comply with generally accepted accounting practice and fairly reflect the financial position of Auckland Transport as at 30 June 2014 and of the results of its operations and its cash flows for the year then ended; and
 - the statement of service performance complies with generally accepted accounting practice and fairly reflects the service performance for the year ended 30 June 2014;
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of service performance that require adjustment or disclosure;
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of service

performance as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter; and

- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.

Responsibilities to provide 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 service performance; and
 - unrestricted access to persons within Auckland Transport 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 service performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects Auckland Transport 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;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting Auckland Transport's financial statements and statement of service performance communicated by employees, former employees, analysts, regulators, or others;
- 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 service performance; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, Auckland Transport has adequate resources to continue operations at their current level for the foreseeable future. For this reason, Auckland Transport continues to adopt the going concern assumption in preparing the financial statements and the statement of service performance for the year ended 30 June 2014. We have reached this conclusion after making enquiries and having regard to

circumstances that we consider likely to affect Auckland Transport during the period of one year from 26 August 2014, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and the statement of service performance adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by Auckland Transport.

Throughout the year, Auckland Transport 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.

Publication of the financial statements and statement of service performance and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements and statement of service performance.

The electronic version of the audited financial statements and statement of service performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of service performance and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial and service performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and statement of service performance is provided on a website, the financial statements and statement of service performance are also provided in full.

Sign-off on these representations

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

Yours sincerely

D Warburton
Chief Executive

R Morris
Chief Financial Officer

Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1	Expenditure – Depreciation \$1,347			Accumulated Depreciation \$1,347
2	Expenditure \$2,757			WIP \$2,757
3	Expenditure – depreciation \$1,906			Accumulated depreciation PPE \$1,906

Explanation for uncorrected misstatements

- 1 Roothing renewals depreciation – Estimated calculation of error to recognise depreciation on roading renewed assets not depreciated during the year.
- 2 Capitalised costs which should have been expensed
- 3 Depreciation on assets which should have been reclassified to PPE from WIP during the year – estimated calculation of error.

