

SCHEDULE 4

FORM OF AUDITOR'S REPORT ON ANNUAL COMPLIANCE STATEMENT

Independent Auditor's Report to the readers of the Annual Compliance Statement of *[insert name of Non-exempt EDB]* for the Assessment Period ended on *[insert Assessment Date]*:

Deleted: T

I/We have audited the attached statement, which is an Annual Compliance Statement in respect of the default price-quality path prepared by *[insert name of Non-exempt EDB]* for the period *[insert Assessment Period]* and dated *[insert date]* for the purposes of clause 11 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* ("the Determination").

1

Comment [r1]: The 3 paragraphs in the suggested audit report in Schedule 4 of the Discussion Paper would be better re-positioned under the Auditor's Responsibilities.

Directors' Responsibilities

The Directors of *[insert name of Non-exempt EDB]* are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

My/Our responsibility is to express an opinion on the Annual Compliance Statement based on my/our audit. I/We conducted my/our audit in accordance with the New Zealand Institute of Chartered Accountants Standard on Assurance Engagements 3100: Compliance Engagements. This standard requires that I/we comply with ethical and quality control requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement has been prepared in accordance with the Determination and is free from material misstatement.

Comment [r2]: SAE 3100 is the appropriate standard for an engagement of this nature.

Deleted: International Standards on Auditing (New Zealand)

Deleted: ose

Deleted: s

In relation to the price path set out in clause 8 of the Determination, my/our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages *[insert page references]* of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on *[insert Assessment Date]*, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, my/our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages *[insert page references]* of the Annual Compliance Statement.

My/Our audit also included assessment of the significant estimates and judgments, if any, made by *[insert name of Non-exempt EDB]* in the preparation of the Annual Compliance Statement and whether adequate information has been disclosed in accordance with clause 11.1(b) of the Determination.

Deleted: and assessment of

Comment [r3]: If we are asking auditors to assess whether the basis of preparation has been adequately disclosed then this would need to become a requirement of clause 11.

Deleted: the basis of preparation has been adequately disclosed

I/We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my/our audit opinion.

I/we have no relationship with, or interests in *[insert name of Non-exempt EDB]* other than *[insert relationship and/or interests including a statement verifying that no conflict of interest exists]*.

Opinion

In my/our opinion, the Annual Compliance Statement of *[insert name of Non-exempt EDB]* for the Assessment Period ended on *[insert Assessment Date]*, has been prepared, in all material respects, in accordance with the Determination.

*[Qualification on Opinion]

*[My/Our opinion is qualified as follows:]

**[Insert the nature of and reason(s) for the qualification together with the impact on the Annual Compliance Statement]*.

My/Our audit was completed on *[insert date]* and my/our opinion is expressed as at that date.

[Signature of Auditor]

[Name of auditing firm]

[Address of auditing firm]

[Date]

*Delete if inapplicable.

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$10,000 in the case of an individual or \$30,000 in the case of a body corporate.

Comment [r4]: This paragraph is not required in our opinion. Much of the wording relates to financial statements which are quite different in nature to Annual Compliance Statements.

Deleted: An audit involves performing procedures to obtain audit evidence about the amounts and¶ disclosures in the Annual Compliance Statement. The procedures selected depend on the¶ auditor's judgement, including the assessment of the risks of material misstatement of the¶ Annual Compliance Statement, whether due to fraud or error. In making those risk¶ assessments, the auditor considers internal control relevant to the entity's preparation of the¶ Annual Compliance Statement 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¶ entity's internal control. An audit also includes evaluating the appropriateness of accounting¶ policies used and the reasonableness of accounting estimates, as well as evaluating the overall¶ presentation of the Annual Compliance Statement.¶