



Grant Thornton

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Independent Auditor's Report

Audit

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To the New Zealand Council of the New Zealand Labour Party

Report on the New Zealand Council of the New Zealand Labour Party

We have audited the Return of the Party Election Expenses (the Return) for the 2011 General Election regulated period 26 August 2011 to 25 November 2011. The Return is prepared in compliance with section 206L of the Electoral Act 1993, and provides information about party election expenses incurred by the New Zealand Council of the New Zealand Labour Party.

This report is made solely to the Secretary. Our audit has been undertaken so that we might state to the Secretary those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Secretary, for our audit work, for this report, or for the opinions we have formed.

Secretary's Responsibilities

The Secretary is responsible for ensuring that the Electoral Commission receives a return of the Party's election expenses incurred by the Party for the period 26 August 2011 to 25 November 2011.

Auditor's Responsibilities

It is our responsibility to express an opinion on the Return in terms of the requirements of section 206L of the Electoral Act 1993. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Return is free from material misstatement.

Grant Thornton provides tax advice to the New Zealand Council of the New Zealand Labour Party. Other than in our capacity as auditor we have no relationship with, or interests in, the New Zealand Council of the New Zealand Labour Party.

Basis of Disclaimer of Opinion

An audit would ordinarily involve performing procedures to obtain audit evidence about the position disclosed in the Return do not exceed the maximum amount prescribed by section 206C of the Electoral Act 1993 disclosed by the Return. The procedures selected would

ordinarily depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Return, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Party's preparation and fair presentation of the Return 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 Party's internal control.

We are unable to form an opinion on the Return for the following reasons:

- The risk surrounding the completeness of the election expenses specifically as stated below:
 - We are not the auditor of the New Zealand Council of the New Zealand Labour Party's branches, our scope was therefore limited in respect of assessing the completeness of election expenses which may have been incurred at branch level;
 - It is possible that the New Zealand Council of the New Zealand Labour Party may have received public funds for election expenses and our scope is limited in respect of our access to information regarding such expenses;
 - Controls over the recording of the election expenses that may have been provided at no cost are limited as there are no practical audit procedures to determine the effect of this limited control; and
 - Difficulties in the apportionment of election expenses of election activity between candidates and the New Zealand Council of the New Zealand Labour Party as a whole.

Due to the nature of the limitations above, we do not believe there is further information that can be provided to us by the New Zealand Council of the New Zealand Labour Party to allow us to determine the effects of these limited controls.

Disclaimer of Opinion

Because of the potential effect of the limitations in the evidence available to us, we are unable to form an opinion as to whether the position disclosed in the Return do not exceed the maximum amount prescribed by Section 206C of the Electoral Act 1993.

In forming our opinion we were reliant on the information provided to us by the Secretary.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
8 May 2012