



BDO WELLINGTON



**INDEPENDENT AUDITOR'S REPORT**  
**To the Party Secretary of the New Zealand National Party**

**Report on the New Zealand National Party Election Expense Return**

We have audited the Party Election Expense Return 2011 General Election (the Return) prepared by the New Zealand National Party (the Party) for the 2011 general election period 26 August 2011 to 25 November 2011. The Return is prepared in accordance with section 206I of the Electoral Act 1993.

This report is made solely to the Party Secretary. Our audit has been undertaken so that we might state to the Party 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 Party Secretary, for our audit work, for this report, or for the opinions we have formed.

**Party Secretary's Responsibility**

The Party Secretary is responsible for the preparation of the Return which correctly presents the Party's election expenses incurred by the Party for the period 26 August 2011 to 25 November 2011.

**Auditor's Responsibility**

It is our responsibility to express an independent 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 are free from material misstatement.

Other than in our capacity as auditor we have no relationship with, or interests in, the New Zealand National 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. The procedures selected would ordinarily depend on the auditor's judgment, 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 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;

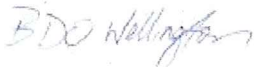
- It is possible that the Party may have received public funds for election expenses and our scope is limited in respect of our access to information regarding such expenses;
- Controls over the recording of election expenses that may have been provided at no cost are limited as there are no practical 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 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 Party to allow us to determine the effects of these limited controls.

**Disclaimer of Opinion**

Because of the potential effect of the limitation 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 Party Secretary.

A handwritten signature in blue ink, appearing to read 'BDO Wellington'.

BDO Wellington  
16 March 2012  
Wellington  
New Zealand