

Annual Reporting and Audit Time Frames Extensions Legislation Bill

Government Bill

Explanatory note

General policy statement

This Bill is an omnibus Bill that amends more than 1 Act and is introduced under Standing Order 267(1)(a) as the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy.

That single broad policy is to extend, for the 2020/21 and 2021/22 financial years, the time frames provided in relation to—

- (a) audits of Crown entities (and organisations subject to provisions of the Crown Entities Act 2004), with end-of-year balance dates of 30 June, under the Crown Entities Act 2004; and
- (b) annual reporting requirements of local authorities and council-controlled organisations under the Local Government Act 2002.

These amendments to time frames aim to mitigate the impacts of a severe shortage of auditors on obtaining robust audit opinions on end-of-year reporting.

This Bill amends the Crown Entities Act 2004 and the Local Government Act 2002.

Departmental disclosure statement

The Treasury is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2021&no=53>

Clause by clause analysis

Part 1 amends the Crown Entities Act 2004 to extend by 2 months the deadline for certain audit reports in respect of the 2020/21 and the 2021/22 financial years. Another effect is that the deadlines for presentation of annual reports to Parliament, and for the publication of annual reports, will be extended by a corresponding period. This is because those deadlines also depend on receipt of the audit reports (*see* section 150).

Part 2 amends the sections in the Local Government Act 2002 that require annual reports to be prepared by council-controlled organisations (section 67) and local authorities (section 98). In each case, the deadline for completing the report is extended by 2 months in respect of the 2020/21 and the 2021/22 financial years.

Hon Grant Robertson

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Annual Reporting and Audit Time Frames Extensions Legislation Act **2021**.
- 2 Commencement** 5
This Act comes into force on the day after the date on which it receives the Royal assent.

Part 1 Amendment to Crown Entities Act 2004

3 Principal Act

This Part amends the Crown Entities Act 2004.

4 Section 156 amended (Audit report) 5

After section 156(2), insert:

Extension of time limit for 2020/21 and 2021/22 audits

- (3) Despite the time limit in subsection (2)(b),—
- (a) in relation to the financial year ending with 30 June 2021, the audit report referred to in that subsection must be provided by the Auditor-General no later than the close of 31 December 2021; and 10
- (b) in relation to the financial year ending with 30 June 2022, the audit report referred to in that subsection must be provided by the Auditor-General no later than the close of 31 December 2022.
- (4) However, **subsection (3)** applies to an entity only if its financial year ends with 30 June. 15
- (5) **Subsections (3) and (4)**, the heading above **subsection (3)**, and this subsection are repealed at the close of 30 June 2023.

Part 2 Amendments to Local Government Act 2002 20

5 Principal Act

This Part amends the Local Government Act 2002.

6 Section 67 amended (Annual report) 25

After section 67(4), insert:

Extension of time limits for 2020/21 and 2021/22 reports

- (5) Despite the time limit in subsection (1),—
- (a) in relation to the financial year ending with 30 June 2021, the report referred to in that subsection must be delivered in accordance with subsection (1)(b), and made available in accordance with subsection (1)(c), no later than the close of 30 November 2021; and 30
- (b) in relation to the financial year ending with 30 June 2022, the report referred to in that subsection must be delivered in accordance with subsection (1)(b), and made available in accordance with subsection (1)(c), no later than the close of 30 November 2022.

(6) **Subsection (5)**, the heading above it, and this subsection are repealed at the close of 31 December 2022.

7 Section 98 amended (Annual report)

After section 98(6), insert:

Extension of time limits for 2020/21 and 2021/22 reports

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(7) Despite the time limit in subsection (3),—

(a) in relation to the financial year ending with 30 June 2021, the report referred to in that subsection must be completed and adopted no later than the close of 31 December 2021; and

(b) in relation to the financial year ending with 30 June 2022, the report referred to in that subsection must be completed and adopted no later than the close of 31 December 2022.

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(8) **Subsection (7)**, the heading above it, and this subsection are repealed at the close of 31 January 2023.