

29 June 2017

DRAFT

FOR DISCUSSION
PURPOSES ONLY

The Trustees
Greytown District Trust Lands Trustees
PO Box 16
Greytown 5742

MOORE STEPHENS

AUDIT AND ASSURANCE

Dear Trustees

AUDIT MANAGEMENT REPORT: YEAR ENDED 31 MARCH 2017

We have completed our audit of the entity for the year ended 31 March 2017 and are pleased to provide our audit management report detailing our findings.

We would appreciate your written response to these findings in due course.

We would also like to take this opportunity to thank Kevin, Helga and your accountants for their assistance during the audit process.

Should you have any queries regarding this report, any aspect of our audit, or require any further assistance please do not hesitate to contact me.

Kind regards

Moore Stephens Wairarapa Audit

Adrienne Dempsey

Manager

adrienne.dempsey@moorestephens.nz

Greytown District Trust Lands Trustees

Audit management report

We set out below our findings from our audit of your performance report for the year ended 31 March 2017.

This report covers:

- Audit scope and objectives
- Audit report
- Trustees' responsibilities
- Audit readiness
- Audit findings
- Other governance and risk management matters

Audit scope and objectives

We audited the performance report of Greytown District Trust Lands Trustees as at 31 March 2017 and the year then ended with the objective of forming and expressing an opinion on the performance report. The audit report expresses our opinion in the form of either an unmodified or a modified audit report.

Audit report

We issued an unmodified audit report on DATE.

Trustees' responsibilities

We wish to remind you the examination of the systems of internal control and accounting records, which we carried out, cannot necessarily be expected to disclose every weakness or shortcoming that exists because our audit work is primarily designed to enable us to report on the performance report. For this reason, any matters dealt with in this report may not necessarily be the only shortcomings that exist within the accounting systems and records.

It is your responsibility, on behalf of the entity:

- a) For identifying suitable outcomes, outputs and quantification methods where practicable to report in the statement of service performance
- b) For the preparation and fair presentation of the performance report on behalf of the entity comprising:
 - the entity information
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit)
- c) For such internal controls as you determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error

Audit readiness

We are pleased to report that:

- Complete performance report, including notes, were available at the commencement of the audit and required only minor changes
- Reconciliations were prepared to support key balances in the statement of financial position for example: bank, debtors, creditors, GST
- Supporting schedules and primary records were made readily available to us, and
- Key personnel were available to answer queries during the audit.

Audit findings

Overall

As a result of our audit we have concluded that appropriate financial recording systems and procedures are in place and proper records are being kept.

Specific

We detail below our specific findings.

1) RWT Exemption Certificate

One of our audit procedures this year was to sight your certificate of exemption from RWT, which is issued by Inland Revenue. This was unable to be produced.

RWT exemption is a separate process from registered charities getting automatic income tax exemption. If the trust invests with a new financial institution, it will be required to present a copy of the certificate. We therefore recommend that a replacement RWT exemption certificate is obtained from Inland Revenue.

2) Internal control questionnaire (ICQ)

Here are our recommendations arising from the completed internal control questionnaire:

Question	Response	Recommendation
Are creditor balances reconciled regularly with suppliers' statements?	No	Reconciling suppliers' statements with accounts payable helps to a) ensure completeness of the accounts payable balances, and b) identify any duplicated payments or invoicing errors We recommend that accounts payable are reconciled with suppliers' statements on at least an annual basis.
Are random checks ever performed on creditors or staff bank account details?	No	It is considered best practice to periodically perform random checks on creditors and staff bank account details to ensure that the validity and reliability of payment details is maintained in the system and to help reduce the risk of misappropriation of funds.

Are the movements in all bank accounts monitored by your governing body? How?	No	<p>Cash flow management is an important and necessary part of managing an efficient and effective business practice.</p> <p>In the case of many organisations, it is also important that adequate funds are available to meet the purposes for which the organisation was set up.</p> <p>It is important that the governing body is monitoring and is aware of significant movements in all bank accounts.</p>
Has your organisation obtained a Certificate of Exemption on the payment of resident withholding tax on interest or dividends received? If so, provide IRD certificate.	No	As discussed above, please follow up with Inland Revenue, and obtain a replacement copy.

Other governance and risk management matters

We are required by international standards on auditing (ISA's) to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management
- We have not identified any breaches of legislation during our audit
- We have not identified any instances of fraud involving management, or any other fraud that caused a material misstatement of the performance report
- We have not noted any further significant risks or exposures that are required to be separately disclosed in the performance report
- We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that could impair our independence.

Finally, we do not have any additional specific finding to report in respect of the following, however, it is our responsibility to remind you that in view of the limited number of key staff employed by the trust it is not always possible to segregate adequately the duties of the staff for internal control purposes. Our recommendations on internal control in the past therefore include a continuing emphasis on oversight by those charged with governance.