

26 June 2018

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

Moore Stephens Wairarapa Audit
40 Perry Street
PO Box 190, Masterton 5840, New Zealand

T +64 (0)6 929 7734
E audit@moorestephens.nz

www.moorestephens.nz

Dear Trustees

AUDIT MANAGEMENT REPORT: YEAR ENDED 31 MARCH 2018

We have completed our audit of the performance report for the year ended 31 March 2018 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 and Helga 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 or the engagement partner, Mitch Czudaj, miecio.czudaj@moorestephens.nz

Kind regards

Moore Stephens Wairarapa Audit



Adrienne Dempsey
Manager

adrienne.dempsey@moorestephens.nz

MOORE STEPHENS

AUDIT AND ASSURANCE

Greytown District Lands Trustees

Audit management report

Year end 31 March 2018

Moore Stephens Wairarapa Audit



SERIOUS ABOUT YOUR SUCCESS?
SO ARE WE.
LET'S TALK.

www.moorestephens.nz

Executive Summary

We set out below our findings from our audit of your performance report for the year ended 31 March 2018.

This report covers:

- Audit scope and objectives
- Audit report
- Trustees' responsibilities
- Audit readiness
- Audit findings
- Action taken on prior year management report findings
- Other governance and risk management matters

Audit scope and objectives

We audited the performance report of Greytown District Trust Lands Trustees as of 31 March 2018 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 25 June 2018.

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 trust:

- 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 are necessary to enable the preparation of a 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) Improvements to Investment Property Transactions account

Audit noted that this account records certain improvements to properties held in the trust's portfolio. At year-end these transactions are essentially capitalised and washed up into the revaluation account.

There is nothing wrong with this treatment, except that some transactions within this account are of a repairs and maintenance nature and should instead be expensed through the statement of financial performance. For example – purchase of a parking sign, plastering, re-carpeting are repairs and maintenance transactions, which should not be capitalised.

The trustees could consider establishing a separate expense code where repairs and maintenance work is recorded but that can still be presented in your accounting records (ledger) as property improvements.

2) BNZ bank audit certificate

We noted that the BNZ bank audit certificate is not sent directly to us. A requirement of the auditing standards is that confirmations are sent directly to auditors. Please contact BNZ and request that future bank audit certificates are sent to us. (The WBS certificate is sent directly to us).

3) Internal control questionnaire (ICQ)

Thank you for updating the ICQ. We have no new findings to report in regard to the completion of the questionnaire.

4) Fraud risk assessment (FRA)

Thank you for updating the FRA. We note your assessment on the risk that the financial statements may contain a material error as a result of fraud is Low.

We have no new findings to report in regard to the completion of the assessment.

Action taken on prior year management report findings

We appreciate the efforts made in addressing our recommendations in our previous year's audit management report.

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.
