

13 April 2018

The Trustees
Greytown District Trust Lands Trustees
Via email: gm@greytowntrustlands.org.nz

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Dear Trustees

AUDIT ARRANGEMENTS LETTER: YEAR ENDED 31 MARCH 2018

This letter outlines our audit arrangements in respect of Greytown District Trust Lands Trustees for the year ended 31 March 2018. It also focuses on the areas where we will be placing particular audit emphasis.

The objective and scope of the audit

Moore Stephens Wairarapa Audit is appointed the auditor of Greytown District Trust Lands Trustees by the engagement letter dated date.

We are to audit 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. Our report will be in the form prescribed by the International Standard's on Auditing (NZ) and ISAE (NZ) 3000. The form and content of our report may need to be amended in the light of our audit findings.

We will also issue a report to you at the completion of our audit detailing any audit findings.

Areas of audit emphasis

For the current audit, the following items will be given particular audit emphasis:

- From observation and discussion, confirming our understanding of the organisation's operation, risks and financial procedures.
- Walkthrough and document key financial systems and confirm systems are operating as documented.
- Substantive verification of key payments and receipts to supporting documentation.
- Whether proper books and records are being kept during the year as well as regular reconciliations performed of key account balances including debtors, creditors, GST, and bank.
- Completeness and accuracy of 31 March 2018 performance note disclosure.
- Completeness and accuracy of opening balances.
- Follow up on our audit findings raised in our letter of date.
- Compliance with the applicable financial reporting framework.

International standards on auditing (ISA (NZ) 240) – The auditor's responsibilities relating to fraud in an audit of financial statements

ISA (NZ) 240 requires us to formally consider the susceptibility of your organisation to material error in the performance report and misappropriation resulting from fraud. We have designed our audit to obtain reasonable, but not absolute, assurance of detecting fraud in your organisation.

We will report to you weaknesses in internal control systems and procedures related to monitoring the prevention and detection of fraud and error. However, it remains your responsibility to design,

implement and maintain an internal control system designed to reduce the opportunity for fraud through misstatement or misappropriation to occur in your organisation.

In the letter of representation we will require you to confirm to us that you have disclosed the results of your assessment of the risk that the performance report may contain material error as a result of fraud, together with your knowledge of fraud or suspected fraud affecting the organisation.

Timetable

Planning meeting with your General Manager and Accountant	13 April 2018
Final copy of draft trial balance and performance report available for audit	14 May 2018
Audit Visit	16-18 May 2018
Audit clearance provided	13 June 2018
Independent auditor's report issued	18 June 2018

Fees

We estimate our fees for the completion of the audit at \$7,000 plus GST (2016: \$6,670 plus GST).

Our fees and timetable are based on the following assumptions:

- We have not been requested to verify the completeness and accuracy of the opening balances.
- Complete performance report, including notes, will be available at the commencement of the audit
- Reconciliations will be able to support key balances in the statement of financial position, for example: bank, debtors, payables, GST
- Supporting schedules and primary records are made readily available to us
- Key personnel will be available to answer queries during the audit.

Audit team

Audit Partner	Miecio Czudaj
Audit Manager	Adrienne Dempsey
Audit Manager – audit visit	Bruce Mcniven
Audit Assistant	Lisa Hallam

Letter of representation

At the end of the audit, we will request from the board written confirmation concerning representations made to us in connection with the audit. We will provide you with appropriate wording for inclusion in the letter.

Audit preparation checklist

To enable us to provide an efficient and timely audit, we require that certain audit information is ready at the commencement of our audit. To assist you in this matter we have enclosed our audit preparation checklist.

Independence

In conducting our audit, we are required to comply with the relevant ethical requirements prescribed in the auditing standards in regards to independence.

Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.

We can confirm the engagement team and the firm comply with those requirements and further, that other than audit services, there are no other services provided to Greytown District Trust Lands Trustees or any of its subsidiaries by either the engagement team, firm or network firms.

Conclusion

We look forward to receiving the full co-operation of your team and we trust they will make available to us whatever records, documentation and other information are requested in connection with our audit.

If you have any queries please do not hesitate to contact me.

Kind regards

Moore Stephens Wairarapa Audit



Adrienne Dempsey

Audit Manager

Adrienne.dempsey@moorestephens.nz

Audit preparation checklist

To enable us to provide an efficient and timely audit, we require that certain information is ready for us at the start of our audit.

We have prepared this checklist to assist you to collate documents and other information that will be required during the audit process.

This is a standard checklist. Please ignore reference to items not applicable to your organisation.

General

- Copy of draft financial statements/ performance report including completed notes
- Documents accompanying the financial statements/ performance report which will comprise the annual report, eg: Treasurer's report, Chairperson's report etc.
- Copy of trial balance (TB) and general Ledger (GL) (preferably in excel format. Or as a MYOB, QuickBooks or Reckon file; where you do not use a cloud based accounting system)
- Access to your online accounting package such as Xero (advisor role) or MYOB online
- Details of the mapping between the TB and the financial statements
- Supporting workpaper for the statement of cash flows
- Copy of this year's and next year's approved budgets
- General ledger journals & supporting documentation for the year, and also one month after balance date
- Copies of signed minutes of governing body, finance committee and annual meetings for the year, plus any subsequent meetings
- Copy of any constitution or deed changes
- Completed or updated internal control questionnaire
- Details of any related party transactions during the year
- Access to policies manual and in particular any new or updated finance policies

Performance Report – for PBE/charities only

- Supporting documentation to evidence entity information page
- Supporting documentation and calculations to evidence outputs and outcomes in the statement of service performance.

Bank, cash and investments

- Bank reconciliations for all bank accounts at balance date
- Bank statements for all accounts for the year, and for the month following balance date
- Arrange for third party confirmation reports from all banks and investment companies
- Certificates and details of investments held and their market value as at balance date
- Loan agreements and latest information of loans receivable.

Debtors, accounts receivable

- A schedule of all debtors that agrees with the balance in the financial statements
- Supporting documents to evidence debtors
- Explanation concerning the recovery of all outstanding debtors over three months old.

Stock, inventory and work in progress

- Copy of stocktake instructions
- Details of:
 - Goods on consignment
 - Obsolete goods, defective or redundant goods
 - Unsaleable or unusable materials
 - Materials held for repair
- Details of:
 - Goods invoiced before balance date but still on hand at, and immediately after, balance date
 - Goods received during stock take
 - Goods on loan
- Details of:
 - Sale or return goods
 - Goods held on behalf of third parties
 - Goods held by third parties
- Copy of final stock reconciliation including adjustments and stock write-offs.

Fixed assets & Intangible assets

- A copy of the fixed & intangible asset register that agrees with the balance in the financial statements
- Copies of invoices for asset additions greater than \$500
- Details of disposed assets, together with copies of supporting invoices
- Supporting details for calculation of gain/loss on disposal
- Title deeds and valuations of all properties.

Creditors, accounts payable and loans

- Supporting documentation to evidence creditors
- A schedule of all creditors that agrees with the balance in the financial statements
- Explanation concerning the payment of all outstanding creditors over three months old
- Loan agreements and latest information of loans payable.

Taxation

- Supporting workpapers for GST, FBT, and Income Tax calculations and copies of returns
- Reconciliations of GST, Imputation Credit Account, Income Tax and FBT balances at balance date
- Copies of income tax assessments and statements of account.

Commitments and contingencies

- Details of all capital and operating commitments (leases etc) and contingent liabilities at balance date
- Arrange for solicitor confirmation request letter to be sent to all legal advisors used during the year
- Copies of rent and lease agreements.

Revenue

- Details and supporting documentation of grant funding and other income received
- Copies of all funding contracts
- Receipt books and sales vouchers or invoices filed in numerical or other logical order for the year and two months following balance date
- List of sales invoices and credit notes issued for the year

Expenditure

- Payment vouchers/ bills/ supplier invoices filed in date or other logical order for the year and two months following balance date
- Details of how expense items, including credit card and petty cash are authorised/approved for payment
- Credit card, travel card, taxi cart statements and supporting invoices for the year
- Details of the last cheque written in the period ended balance date, and the cheques written in the month following balance date
- Details from your bank on:
 - who has user rights on the bank accounts and authority to sign cheques
 - do all accounts require 2 signatories (both online and cheque)
 - who the super-users are (if any) (If there is a super-user, are 2 users required to make changes to a password for another user).

Employee expenses

- Report from your payroll system detailing total gross wages for the year
- Copies of employment contracts, or at least access to them where requested
- Details on the last payroll period for the year- what period it covered and when it was paid
- Supporting documentation of all employee provisions, such as:
 - Holiday pay/time in lieu/sick leave/long service leave
 - Payroll accrual
 - Bonuses.

Fraud risk assessment

- Written information from management and those charged with governance about the following:
 - An assessment on the risk that the financial statements may contain a material error as a result of fraud (for example high, medium or low for each of income, expenditure, assets, liabilities and equity, and for the financial statements overall)
 - The processes in place for identifying and responding to the risks of fraud in the organisation
 - How management communicates, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the organisation
 - How management communicates, to employees regarding its views on business practices and ethical behaviour
 - Whether there has been any actual, suspected or alleged fraud affecting the organisation; and
 - How those charged with governance exercise the oversight of managements processes for identifying and responding to the risks of fraud in the organisation and the internal controls that the management has established to mitigate those risks.

We can provide these bullet points in word format for your purposes.

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