Board meeting 16 Apr 2020 Agenda item 5.3.2

**Audit update**

Daniel Murphy and I have had a preliminary meeting via videoconferencing with Adrienne Dempsey, MMWA, to discuss matters relating to the conduct of this year’s audit.

It will be confirmed in Adrienne’s audit arrangements letter to the Board but the timing of the audit is likely to be put back a couple of weeks or so to the beginning of June due to the impact of the lockdown provisions on the completion of other audits. It is contemplated that the audit itself will be undertaken remotely, with us providing access to Xero, Re-leased and Dropbox to enable the auditors to review relevant documentation.

We had a productive discussion around various accounting matters and Daniel is confident he will be able to finalise the financial statements ready for audit earlier than has occurred in previous years. This is largely due to prompt completion of the annual property revaluation by Garry Dowse.

Off the back of the discussion Daniel anticipated making a number of accounting adjustments to the March Financial Spotlight report to better reflect the Trust’s likely end of year results. This will, for example, include a reallocation of costs incurred on the Police Station refurbishment from capital improvements to repairs and maintenance.

We discussed the issue of use of accumulated funds sitting in the land reserve account with Adrienne. This relates to the concern Trustees have had that funds accumulated in the land reserve account can only be used to acquire land, severely restricting the Trust’s ability to actually buy property in the form of land with buildings on it. She was able to point to accounting provisions that could be advantageously applied provided the underlying interpretation of the circumstances could be justified.

It is clear to Daniel and I now that we will need to seek a legal opinion in order to provide this justification. With Board approval I will approach GreenwoodRoche with a brief to do get this done.

Kevin Murphy

General Manager