

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

Dear Trustees

AUDIT ENGAGEMENT LETTER | YEAR ENDED 31 MARCH 2020

Introduction

The purpose of this letter is to reconfirm the terms of our audit engagement. We issue this letter every few years as a requirement of the auditing standards and the Moore Markhams audit methodology. Thank you for reappointing Moore Markhams Wairarapa Audit as your auditors.

Once you have reviewed this letter, we ask that you sign this letter and return it to us.

The scope of our audit engagement

We are to audit the performance report of Greytown District Trust Lands Trustees for the year ended 31 March 2020, with the objective of forming and expressing an opinion on the performance report.

The objectives of our audit are to obtain reasonable assurance about whether the performance report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these performance report.

Reporting

Our audit report will be attached to the performance report and will be in the form prescribed by the International Standards on Auditing (NZ). The form and content of our report will be dependent on our audit findings.

We will issue our audit management report to you after the completion of our audit which details any audit findings or recommendations.

Auditor's responsibilities for the audit of the performance report

We will conduct our audit of 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 International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement.

We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the performance report that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Greytown District Trust Lands Trustees to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised).

The responsibilities of the Trustees and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the Trustees acknowledge and understand that they have 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:
 - i) the entity information
 - ii) the statement of service performance; and
 - iii) the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-for-profit) reporting standards
- c) For such internal controls as they determine are necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error
- d) To provide us with:
 - i) Access to all information of which management and/or the Trustees are aware that is relevant to the preparation of the performance report such as records, documentation and other matters
 - ii) Additional information that we may request from management and/or the Trustees for the purpose of the audit; and
 - iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

- e) To make available to us the draft performance report and any other accompanying information in time to allow us to complete the audit in accordance with the proposed timetable scheduled in the Audit Arrangements Letter.

If other information (such as a chairperson's report or treasurer's report) is published together with the performance report and audit report, it shall be consistent and factually correct with the performance report and will be provided on a timely basis to the auditor.

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.

Publication of audited performance report by electronic or other means

We recognise that entities may wish to publish their performance report and the auditor's report on their website or distribute them by electronic or other means (such as email), or make reference to our firm in a document or statement that contains other information.

When information is presented electronically on a website, the security and controls over information on the website should be addressed by the entity to maintain the integrity of the data presented.

The examination of the controls over the electronic presentation of audited financial information on the entity's website is beyond the scope of the audit of the performance report. The responsibility for the electronic presentation of the performance report on the entity's website is that of those charged with governance.

You agree that you will notify us of any intended electronic publication of the performance report and auditor's report before it occurs.

Health and safety

Moore Markhams Wairarapa Audit takes seriously our responsibility to provide a safe working environment for our audit staff.

Under the Health and Safety at Work Act 2015 we need to ensure our audit staff are safe while they are working at your premises. We expect you to provide a work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Letter of representation

At the end of the audit, we will request from the Trustees written confirmation concerning representations made to us in connection with the audit. This is a requirement of the auditing standards. We will provide you with appropriate wording for inclusion in the letter.

Fees

Our fees are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. Fees will be billed as work progresses and accounts are payable within 14 days of your receipt of our invoice.

Our fees and timetable are based on the following assumptions:

- 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
- Supporting schedules and primary records are made readily available to us

- Key personnel will be available to answer queries during the audit
- Where you do not provide information in an accurate or complete manner in accordance with the agreed timetable or there is any other reason or indication that our fee will exceed the agreed amount, we will discuss the cause and potential additional cost.

Please note that an audit does not include finalising the accounting process and the presentation of the final Performance report.

Fee estimates will be agreed prior to the commencement of the audit in our annual Audit Arrangements Letter.

Limitation of Liability

Moore Markhams Wairarapa Audit will perform the engagement with all reasonable care and skill and acknowledges that, notwithstanding the care and skill exercised, it may become liable to you for losses, damages or costs caused by its negligence or wilful default.

Such liability however shall be limited to the proportionate losses that we have caused or contributed to (taking account of any loss that is reasonably attributable to any third party) and limited in the aggregate to four times the fee paid for the particular service giving rise to the claim.

Such claim must be notified to us in writing no longer than two years after the date on which we completed the work on which the claim is based.

Conclusion

This audit letter of engagement will be effective for future years unless it is terminated, amended or superseded by either Moore Markhams Wairarapa Audit or the Trustees.

Please sign and return this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the performance report including our respective responsibilities.

This letter should be included as inwards correspondence in the minutes of your Trustee meeting.

Kind regards

Moore Markhams Wairarapa Audit

Michael Rania

Partner

Michael.rania@mooreMarkhams.nz

Acknowledged and agreed on behalf of Greytown District Trust Lands Trustees:

(signed on behalf of the Trustees)

(Name and title)

(Date)

(Name and title of contact person on the Trustees)

(Contact email address)