



Eastern & Central
COMMUNITY
TRUST

AUDIT & RISK COMMITTEE MEETING

Thursday

27th October 2016

commencing at 3:00pm

AGENDA PAPERS

**THE AGENDA FOR A MEETING OF THE A & R COMMITTEE OF THE EASTERN AND CENTRAL
COMMUNITY TRUST INC., TO BE HELD AT THE TRUST'S OFFICE,
ON THURSDAY 27TH OCTOBER 2016 COMMENCING AT 3:00 P.M.**

Ring 08 30 33, then on voice prompt enter the PIN 333352 followed by the hash key.

SECRETARIAL AND COMMITTEE ADMINISTRATION ITEMS

1. Welcome and Apologies
2. Draft Minutes of the A & R Committee Meeting held 29th August 2016 : [pages 3 - 6](#)
3. Matters arising and action items: [pages 7 - 8](#)

OPERATIONAL REPORTS TO THE COMMITTEE

4. General Managers Report including financial reports; [pages 9 - 24](#)

COMMITTEE DECISION PAPERS

5. Risk Register Report: [pages 25 - 29](#)
6. Auditor Appointment Recommendation: [pages 30 - 46](#)

COMMITTEE INFORMATION PAPERS

7. Policy Review Update: [page 47 - 49](#)
8. Internal Audit Review: [page 50](#)
9. Audit Management Report: [pages 51 - 59](#)
10. Fund Advisor and Fund Managers Monthly Reports: [pages 60 - 76](#)
11. General Business

Close of Meeting

Next meeting: 3:00pm 21st December 2016

Report type:	A & R Committee Decision Papers
Recommendation:	That the Committee receives and approves the draft Minutes from the A & R Committee meeting June 27th 2016
Agenda item no:	2
Subject:	Draft Minutes
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the draft minutes from the previous committee meeting for approval
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**MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE
OF THE EASTERN AND CENTRAL COMMUNITY TRUST INC.,
HELD IN THE TRUST OFFICES, RUSSELL STREET SOUTH, HASTINGS,
ON MONDAY 29th AUGUST 2016, COMMENCING AT 3:00 PM.**

COMMITTEE MEMBERS BY TELECONFERENCE:

Caren Rangi, Stephen Kerr.

IN ATTENDANCE:

Shelly Mitchell Jenkins (Chair) Mark Kilmister, Jonathan Bell (General Manager).

1. APOLOGIES

Geoff Milner.

2. MINUTES FROM THE PREVIOUS AUDIT & RISK COMMITTEE MEETING

2.1 RESOLUTION

The Committee resolved to approve the minutes of the previous meeting held on 27th June 2016 as a true and accurate record of the meeting.

Stephen Kerr/Caren Rangi

CARRIED

3.1 MATTERS ARISING FROM THE PREVIOUS MINUTES

Nil.

3.2 ACTION ITEMS:

- Item #4 – We have not received any notification of any intended changes to XRB reporting for next year. We will retain this as an action item but push it out to the next meeting. **ACTION ITEM.**
- Responsible investment note as being topical at the moment.

4.0 GENERAL MANAGERS REPORT

- PIMCO Value has dropped considerably. This happens each year when there is a “wash up” of the portfolio and a payment is made to investors. Income of \$1.1m was received to offset against the value drop. Suggestion to get Matthew McLenaghan to explain the payouts when he is next in New Zealand and available for a Board meeting. **ACTION ITEM.**
- Donations granted year to date are noted as being above budget. Jonathan commented that numbers for the September Board meeting were slightly below historical averages and he did not have a dollar value as yet.
- Commitment Schedule – Noted that the number is very high, Jonathan noted this is the highest it has been since he was appointed. Noted that a lot of the smaller donations have been paid in the past few weeks, and some of the larger ones as well.
- Page 23 Benchmark numbers – Noted that these need to be reviewed and updated. It was suggested that this should be done at the review of SIPO which is scheduled for the November Board meeting. Michael Chamberlain and the General Manager to prepare a paper for that meeting. **ACTION ITEM.**

5.0 RISK REGISTER REPORT

- Shelly Mitchell Jenkins advised the committee that she and the General Manager were meeting on Wednesday 31st August to review the Risk Register and report back with any recommended changes.

6.0 AUDITOR REVIEW AND ROTATION

6.1 AUDITOR REVIEW

- The committee was in agreement that an annual review of the auditor would be good practice and allow two way feedback between the two parties.
- Feedback was requested from committee members on pages 31 and 32 on the content of the auditor assessment in the papers.
- The Chair advised the committee that she would draft a document for consideration.

6.2 AUDITOR ROTATION AND APPOINTMENT

- The Chair commented that ECCT does not have a written policy on appointment of auditors (including their rotation). The current contract has expired so an appointment process is required for services to deliver the audit for 2017.
- The committee agreed that there was a need for such a policy.
- After further discussion the following process was agreed to;
 - General Manager to develop and issue an RFP for auditor services by mid-September. **ACTION ITEM.**
 - RFP's to be sent to a number of Hawkes Bay firms identified as having audit capabilities as well as Cotton Kelly and Audit Link from Palmerston North. Consideration to be given to include Staples Rodway, subject to the lead auditor being changed.
 - A & R committee to review the proposals in October 2016.
 - A & R Committee to make a recommendation for appointment to the full board meeting in November 2016.
- After discussion it was agreed that an Auditor Rotation Policy would be developed as we went through the above process.

7.0 FUND ADVISOR & FUND MANAGER REPORTS

- Noted that Elevation have over \$2mill in cash and are currently outside their mandate. We already hold \$1.7 mill of Elevation Capital cash having removed this in the previous financial year to earn higher interest rates.
- Elevation Capital have been given the message of our concerns at the level of cash during the formal review with MCA and the General Manager and at a Board meeting late last year. Committee also asked the General Manager to advise Michael Chamberlain of our continued concerns. **ACTION ITEM.**
- Committee agreed that when SIPO is reviewed in November, we need to consider our policy on cash and what actions we should take against Fund Managers who continue to act outside ECCT mandates. **ACTION ITEM.**
- It was agreed that the GM is to follow up the previously requested report from MCA that compares performance for both Fund Managers to date and explains the differences. **ACTION ITEM**

- MCA Report – Noted that it would be worthwhile to have more commentary around some of the information provided. General Manager to discuss the content of the reports and potential commentary from MCA. **ACTION ITEM.**

9.0 GENERAL BUSINESS

- Nil

Meeting closed at 3:55 pm.

DRAFT

Report type:	A & R Committee Decision Papers
Recommendation:	That the Committee receives the action plan and any matters arising from the Minutes from the A & R Committee meeting August 29th 2016
Agenda item no:	3
Subject:	Matters arising and Action Plan
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the action plan from the previous committee meeting.
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A & R COMMITTEE ACTION PLAN

Meeting Date; 29th August 2016

#	ACTION	WHO	WHEN	STATUS
1	Add amended Trustee exit interview strategy to plan and charter	Jonathan	At Governance Charter Review	Pending
2	Risk Register Matrix development – Update to be reported at the Feb meeting	Shelly & Caren	Feb	Ongoing
3	Valuation of Private Equity – Need to consider these well before year financial year end in time for 2017 Audit	Shelly & Jonathan	February 2017	Pending
4	PBE Requirements for 2017 may change for 2017 Year – General Manager to get advice mid 2016	Jonathan	September 2016	Completed
5	Chair of A & R Committee and General Manager to develop a process and timeline for 2017 Audit	Shelly & Jonathan	November 2016	Pending
6	Work Plan Update	Shelly/Caren	Ongoing	Update from Committee Chair in meetings
7	Renewal/RFP for auditor to be placed on October A & R meeting	Jonathan	Oct 2016	Completed – Agenda Item
8	Request Matthew McLenaghan (PIMCO) to discuss and explain pay-outs at November Board meeting	Jonathan	Oct 2016	Completed – Agenda item for Nov meeting
9	Board Papers for November meeting from MCA to include; <ul style="list-style-type: none"> Benchmark numbers ECap level of cash – Express concern and actions to take if continuously out of mandate Comparison between Fund Managers Development of criteria for investment in specific companies (equities) 	Jonathan & Michael	Nov 2016	November Board meeting agenda item
10	Reporting from MCA to be discussed with possibility of more commentary, discussion with MCA on possible reporting going forward	Jonathan	Nov 2016	Pending
11	RFP for appointment of Auditor to be issued by mid-September	Jonathan	Oct 2016	Completed – Agenda item for A & R Meeting

Report type:	Operational Reports to the A & R Committee
Recommendation:	The A & R receives and accepts <ol style="list-style-type: none">1. The Financial Report for the period to 30th September 20162. The General Manager's report for the period to 20th October 2016.
Agenda item no:	4
Subject:	General Manager's Report to the A & R Committee
Responsible for the report:	Jonathan Bell

Purpose of report:	To inform the A & R Committee of progress and/or exceptions to the achievement of the 2015/16 Business Plan (inclusive of key Financial performance measures to 30 th September 2016), and other KPI's to 20 th October 2016. To flag any items of risk for the Board and to flag any other items of significance to the Board.
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GENERAL MANAGERS REPORT OCTOBER 2016

1.0 Executive Summary

Since the last Trust meeting the following points are noted;

1. Difficult to comment given limited financial information.
2. Global markets are still in a state of flux.
3. Hedging contract realised with a payment to ECCT of \$2.5 mill.

2.0 Financial Performance

Unfortunately the lateness of the Public Trust report means any commentary will be provided early next week

2.1 Dashboard

2.2 Balance Sheet

2.4 Expenses

2.5 Distributions

- Applications for the upcoming November meeting are 92, well below the ten year average of approximately 120.
- We believe the recommended figure will be well below the budget for the November meeting

2.6 Hedging

- Attached are the
 - BNZ Hedging Report for end of September showing a negative \$0.318mill position.
 - The MCA Hedging report for 17th October showing a negative \$0.960 mill position.
- The contracts have a maturity date of 6th December.
- Hedging is in place according to policy of;
 - \$36 mill against the USD.
 - \$4.5 mill against the Pound
 - \$8.8 mill against the Euro
 - \$5.7 mill against the AUD

2.7 Capital base

- The capital base graphs are will be provided next week

2.7 Risk Register

- The key areas of concern continue to be;
 - Market Returns – We continue to monitor these and Trustees are aware of the current market volatility.
 - Currency Fluctuations - Hedging contracts are put in place, as per policy, to reduce the impact of currency fluctuation.
 - Cyber Security – I have had further discussions with our IT provider, and we have agreed on the following

- Provision of a full report on the Cyber hack. This is expected this month.
- Steps taken to mitigate any further occurrences
- A further risk analysis of the likelihood of this occurring again and the potential costs to ECCT
- Once this is completed then Cyber Liability Insurance can be considered by the A & R Committee with a recommendation to the full Board.

3.0 Action Plan

- Agenda Item # 5.
 - Number 4 PBE Reporting – RSM have indicated that there may be a delay in any proposed changes to reporting for the 2017 year. I will continue to keep in touch with them and monitor accordingly.

4.0 Auditor Appointment

- Agenda Item # 6

5.0 HR

- Nothing to report

6.0 Other

- Commitment Schedule
 - Marotiri Kohango Reo - to be written back
 - Cross Creek Railway – paid
- The Audit Work-plan is included for your information.

Jonathan Bell
General Manager
20th October 2016

Eastern & Central Community Trust

In the following table Bank of New Zealand sets out the mark to market value[s] of the transaction[s] stipulated in the request from the Customer on the bases set out in that request

Market Value Date

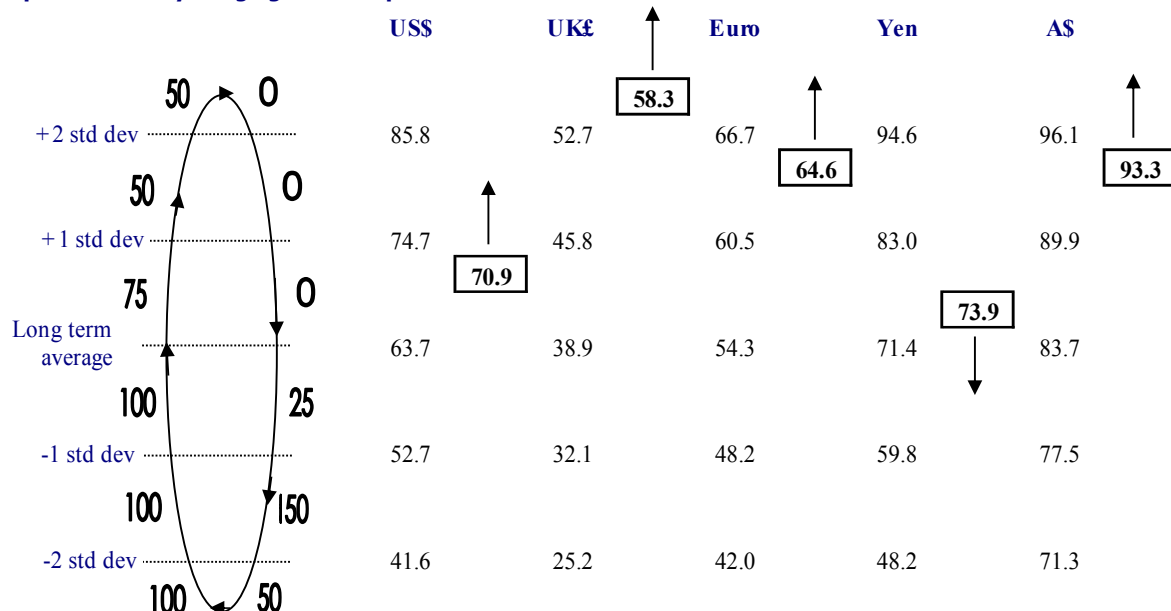
Friday, 30 September 2016

External Deal Ref	Cust Buy Ccy	Cust Buy Amount	Cust Sell Ccy	Cust Sell Amount	Deal Rate	Maturity Date	Reval Rate	MTM Value (NZD)	Spot Rate
CB351148	NZD	34,000,000.00	USD	24,799,600.00	0.729400	06-Dec-16	0.724299	-238,879.35	0.726100
CB351150	NZD	4,500,000.00	GBP	2,462,400.00	0.547200	06-Dec-16	0.558040	87,103.72	0.560003
CB351154	NZD	5,700,000.00	AUD	5,465,160.00	0.958800	06-Dec-16	0.951350	-44,591.41	0.952285
CB351167	NZD	9,800,000.00	EUR	6,392,540.00	0.652300	06-Dec-16	0.644260	-121,676.43	0.647552
Total								-318,043.47	



Eastern & Central Community Trust

Equities currency hedging contract position at 17 October 2016



	US\$	UK£	Euro	Yen	A\$
Current exchange rate	0.7089	0.5827	0.6464	73.87	0.9332
Policy position (from the above graph)	75%	50%	50%	0%	50%
Current position	75%	50%	50%	0%	50%

Exposure as at 30 September 2016

Forsyth Barr	24.29	2.92	9.73		6.02
Elevation Capital	19.53	6.36	8.73		6.10
Total	43.82	9.28	18.46		12.12

Target cover at 17 Oct 16 (\$m)	32.9	4.6	9.2	0.0	6.1
Current contract cover	34.00	4.500	9.800		5.700
Strike rate purchased	0.7294	0.5472	0.6523		0.9588
Target minus current contract cover =	-1.1	0.1	-0.6	0.0	0.4

Contract surplus (deficit) (\$m)	(\$0.96)	\$0.29	(\$0.09)	\$0.00	(\$0.15)
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Total current contract surplus (deficit) = (904,469.57)

Historical hedging actions

6 Sep 2016 - 75% hedged to US\$, 50% to UKP, EUR and AUD; 0% to Yen; maturity 6 Dec 2016.

15 Jun 2016 - 75% hedged to US\$, 50% to UKP, EUR and AUD; 0% to Yen; maturity 16 Sep 2016.

18 Apr 2016 - 50% hedged to US\$, UKP and EUR; 0% to AUD and Yen; maturity 17 Jun 2016.

18 Mar 2016 - 50% hedged to UKP, US\$; 75% hedged to EUR; 0% to AUD and Yen; maturity 17 Jun 2016.

Notes

USD is used to hedge the currencies of USA, Brazil, Thailand, Malaysia & Hong Kong. Euro is used to hedge the Euro, Norwegian and Swiss currencies.

The hedging contract for overseas bonds is excluded from this report.

Committment Schedule

3 October 2016

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
Eastern And Central				
5,593	Marotiri Kohango Reo	23553	22-May-14	3,500.00
7,576	Cross Creek Railway Society Incorporated	23802	27-Nov-14	15,000.00
7,403	New Zealand Red Cross	24182	26-Mar-15	6,000.00
1,200	Young Men's Christian Assn - Gisborne Inc	24176	28-May-15	20,000.00
7,320	Petane Marae	24383	30-Jul-15	51,500.00
4,174	Tauparanui Ki Heretaunga Te Kohanga Reo	24432	30-Jul-15	3,500.00
803	Pahiatua Community Services Trust	24466	30-Jul-15	4,000.00
574	Keirunga Gardens Arts and Crafts Society Inc	24298	24-Sep-15	20,000.00
3,052	Horowhenua District Council	24374	24-Sep-15	170,000.00
7,705	Te Hau ki Turanga Trust	24489	24-Sep-15	50,000.00
537	Hohepa Homes Trust Board	24532	24-Sep-15	18,000.00
3,049	Horowhenua Agricultural Pastoral & Industrial Assn	24610	24-Sep-15	20,000.00
7,715	Carterton Community Courthouse Trust	24457	26-Nov-15	20,000.00
7,729	Wildbase Recovery Community Trust	24545	26-Nov-15	250,000.00
1,093	The Salvation Army New Zealand Trust	24560	26-Nov-15	80,000.00
2,662	Central Hawke's Bay Agricultural & Pastoral Societ	24643	26-Nov-15	10,000.00
634	Mana Tamariki Incorporated Society	24649	26-Nov-15	2,000.00
7,751	The Tapestry Trust of New Zealand	24652	26-Nov-15	2,500.00
6,952	EnsembleImpact Educational Trust	24695	26-Nov-15	2,000.00
5,711	Gisborne Free Kindergarten Association Inc	24699	26-Nov-15	15,000.00
240	Cobblestone Trust	24717	26-Nov-15	12,000.00
7,769	Lions Club of Gisborne Wainui Inc	24723	26-Nov-15	50,000.00
2,639	Campion College	24764	26-Nov-15	5,000.00
4,750	Gisborne Land Search and Rescue Charitable Trus	24766	26-Nov-15	4,000.00
7,588	Equippers Napier Trust	24752	27-Nov-15	1,500.00
1,650	Alzheimers Society Napier Inc	24794	28-Jan-16	17,000.00
7,753	Ashhurst Community Trust	24803	28-Jan-16	30,000.00
5,178	Gisborne District Council	24826	28-Jan-16	180,000.00
7,539	Turanganui A Kiwa Voyaging Trust	24013	31-Mar-16	150,000.00
5,142	Te Kawau Rugby Football Club Inc	24458	31-Mar-16	13,000.00
4,665	Horowhenua Kapiti Rugby Football Union Inc	24622	31-Mar-16	40,000.00
3,297	Napier Operatic Society Inc	24846	31-Mar-16	30,000.00
6,447	St John's Presbyterian Church - Hastings	24858	31-Mar-16	3,500.00
7,802	Schizophrenia Fellowship Wairarapa Branch Incorp	24863	31-Mar-16	2,000.00
728	Hawke's Bay Parents' Centre Inc	24872	31-Mar-16	3,500.00
891	Regent Theatre Trust	24886	31-Mar-16	30,000.00
5,039	Takapau Golf Club	24899	31-Mar-16	4,000.00
7,713	Eketahuna Youth Trust	24459	26-May-16	40,000.00
5,469	Poupatate Marae	24830	26-May-16	20,000.00
3,289	Napier Marist Football Club Inc	24914	26-May-16	4,000.00
4,233	Central Hawke's Bay District Community Trust	24964	26-May-16	140,000.00
1,861	Porangahau Primary School	24967	26-May-16	15,000.00
7,340	Pascal Street Community Trust	24979	26-May-16	50,000.00
5,894	Hawke's Bay Regional Council	24986	26-May-16	40,000.00
7,847	Adult Literacy Trust	24989	26-May-16	1,600.00
1,493	Creative Hastings Inc	24992	26-May-16	25,000.00
7,735	Ngāi Tumapūhia-a-Rangi ki Mōtūwairaka Inc	25031	26-May-16	40,000.00
7,845	Bring it to Colombo Trust	25032	26-May-16	175,000.00
7,852	Order of St John - Wairarapa	25034	26-May-16	15,000.00
6,245	National Science Technology Roadshow Trust Boa	24836	27-May-16	140,000.00

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
4,851	Wellington Regional Sports Education Trust	25039	27-May-16	61,320.00
982	Eastland Sports Foundation Education Trust	25040	27-May-16	66,440.00
3,202	Sport Manawatu Charitable Trust	25041	27-May-16	106,120.00
3,013	Sport Hawke's Bay	25042	27-May-16	106,120.00
2,343	Ngata Memorial College	24915	28-Jul-16	40,000.00
305	Eskview Tennis Club	24919	28-Jul-16	30,000.00
1,881	Queen Elizabeth College	24990	28-Jul-16	20,000.00
4,886	Maraenui Golf Club Inc	25043	28-Jul-16	4,000.00
4,624	Napier Golf Club Inc	25082	28-Jul-16	10,000.00
863	Poukawa School	25083	28-Jul-16	20,000.00
2,653	Carter Society Inc	25085	28-Jul-16	10,000.00
3,228	Marewa Croquet Club Inc	25087	28-Jul-16	10,000.00
7,871	Sisterson Lagoon Restoration Trust	25092	28-Jul-16	3,000.00
1,038	Tamatea High School	25093	28-Jul-16	5,000.00
7,343	Wairoa Young Achievers Trust	25095	28-Jul-16	40,000.00
4,865	Life Education Trust - Kapiti/Horowhenua	25097	28-Jul-16	12,000.00
7,864	Tairawhiti Connex Charitable Trust	25098	28-Jul-16	120,000.00
2,475	Te Kawanu Playcentre	25109	28-Jul-16	2,400.00
3,202	Sport Manawatu Charitable Trust	25117	28-Jul-16	9,000.00
5,439	Burlington Marching Teams	25129	28-Jul-16	2,700.00
6,777	Tangata Whenua Community & Voluntary Sector R	25152	28-Jul-16	4,000.00
1,655	Makirikiri Marae Komiti	25168	28-Jul-16	4,000.00
7,588	Equippers Napier Trust	25172	28-Jul-16	10,000.00
6,045	Life Flight Trust	25174	28-Jul-16	25,000.00
7,674	Ka Pai Kaiti Trust	25175	28-Jul-16	18,000.00
3,867	Wharerangi Marae Trust	25178	28-Jul-16	40,000.00
7,821	Martinborough Mens Shed Incorporated	24976	29-Sep-16	13,000.00
889	Masterton Red Star Rugby Club	25007	29-Sep-16	6,800.00
6,823	Look Good Feel Better Trust	25048	29-Sep-16	2,250.00
252	Cornwall Park Playcentre	25158	29-Sep-16	2,400.00
7,867	Orokohanga Music Trust	25171	29-Sep-16	2,500.00
1,542	Hawke's Bay Society for Music Education	25182	29-Sep-16	2,500.00
7,877	Horowhenua Junior Softball Club Assn	25183	29-Sep-16	4,000.00
7,003	Kahutia Bowling Club	25184	29-Sep-16	4,000.00
3,134	Levin Swimming Club Inc	25185	29-Sep-16	4,000.00
697	Mayfair Kindergarten	25187	29-Sep-16	1,750.00
4,201	Napier Sailing Club	25188	29-Sep-16	4,000.00
7,005	Spirit of Napier Lions Club Inc	25189	29-Sep-16	1,000.00
1,181	Westshore Surf Life Saving Club Inc	25191	29-Sep-16	7,000.00
111	Alzheimers Society Manawatu Inc	25192	29-Sep-16	4,000.00
6,661	Kaisen Charitable Trust	25193	29-Sep-16	2,000.00
7,700	Auckland District Kidney Society Inc	25194	29-Sep-16	4,000.00
779	Onekawa Kindergarten	25195	29-Sep-16	3,500.00
7,273	Muscular Dystrophy Assn - Wellington Branch	25196	29-Sep-16	4,000.00
1,690	Mangatainoka Domain Board Hall	25197	29-Sep-16	4,000.00
1,899	Riding for the Disabled - Gisborne	25198	29-Sep-16	4,000.00
4,833	Hawke's Bay Multisports Club Inc	25199	29-Sep-16	4,000.00
7,302	Arthritis Foundation of NZ Inc	25200	29-Sep-16	8,000.00
3,349	NZ Singing School Trust	25201	29-Sep-16	3,000.00
5,991	Waiohiki Community Charitable Trust	25202	29-Sep-16	4,000.00
7,377	Multicultural Assn Hawke's Bay Inc	25203	29-Sep-16	1,000.00
2,368	Age Concern Wairarapa WOOPS Inc	25204	29-Sep-16	4,000.00
838	Parkinsonism Society - Manawatu	25205	29-Sep-16	4,000.00
5,318	Palmerston North Squash Club Inc	25206	29-Sep-16	4,000.00
7,575	Child Cancer Foundation Inc	25207	29-Sep-16	4,000.00
5,661	Central Bowling Club Levin Inc	25208	29-Sep-16	4,000.00
2,782	Eskview & Districts Rugby Football Club Inc	25210	29-Sep-16	4,000.00
1,463	Gisborne Hospital Child Care Society Inc	25211	29-Sep-16	3,500.00
4,808	Hastings Tennis and Squash Club Inc	25212	29-Sep-16	15,000.00
726	Napier Intermediate School	25213	29-Sep-16	2,300.00

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
7,676	Wellington Gliding Club	25216	29-Sep-16	30,000.00
6,117	Youth Development Hawke's Bay	25217	29-Sep-16	4,000.00
3,124	Levin Gymsports Inc.	25218	29-Sep-16	4,000.00
770	Ocean Beach Kiwi Surf Life Saving Club Inc	25219	29-Sep-16	7,000.00
4,797	Pahiatua Golf Club Inc	25220	29-Sep-16	10,000.00
7,484	Rotary River Pathways Trust	25222	29-Sep-16	15,000.00
4,583	NZ Symphony Orchestra Foundation	25223	29-Sep-16	8,000.00
6,398	Amitabha Buddhist Centre	25224	29-Sep-16	4,000.00
837	Parkinsonism Society - Hawke's Bay Inc	25225	29-Sep-16	4,000.00
7,614	Age Concern NZ Inc	25226	29-Sep-16	4,000.00
4,160	Tairāwhiti Rural Education Activities Programme Inc	25227	29-Sep-16	4,000.00
7,694	Flaxmere Baptist Church Community Trust	25228	29-Sep-16	3,000.00
6,326	Porangahau United Rugby Football Club Inc	25229	29-Sep-16	4,000.00
213	Central Hawke's Bay Food Bank	25230	29-Sep-16	4,000.00
7,560	Te Matau a Maui Voyaging Trust	25231	29-Sep-16	4,000.00
5,820	Hawke's Bay Agricultural & Pastoral Soc. Inc.	25232	29-Sep-16	150,000.00
924	Rongotea School	25233	29-Sep-16	30,000.00
947	Samaritans of Horowhenua Inc	25234	29-Sep-16	1,500.00
5,049	Manawatu Rural Support Service Inc	25236	29-Sep-16	4,000.00
2,199	Porangahau Playcentre	25237	29-Sep-16	3,500.00
7,765	Leukaemia & Blood Cancer NZ	25238	29-Sep-16	4,000.00
4,742	Palmerston Nth Street Van	25239	29-Sep-16	4,000.00
980	SPCA - Wairarapa	25240	29-Sep-16	4,000.00
7,508	Featherston Menz Shed Inc	25241	29-Sep-16	4,000.00
5,979	Manawatu Pregnancy Centre Trust	25242	29-Sep-16	4,000.00
7,257	Horowhenua Abuse Liaison Team Inc	25243	29-Sep-16	4,000.00
284	Disability Resource Centre Hawke's Bay Inc	25244	29-Sep-16	4,000.00
7,516	Road Safety Education Ltd	25245	29-Sep-16	4,000.00
4,373	RSPCA - Hastings & Districts	25246	29-Sep-16	4,000.00
4,454	Youthline Central North Island Inc	25249	29-Sep-16	4,000.00
5,129	Coast Access Radio Trust	25250	29-Sep-16	2,900.00
191	Carterton Community Toy Library	25251	29-Sep-16	1,500.00
6,689	Ka Hao Te Rangatahi Ki Te Matau A Maui Trust	25252	29-Sep-16	4,000.00
4,882	Creative Arts Napier Inc	25253	29-Sep-16	4,000.00
118	Age Concern Napier Inc	25254	29-Sep-16	4,000.00
7,554	NZ Schools Cycling Association	25255	29-Sep-16	5,750.00
140	Tararua Learning Inc	25256	29-Sep-16	4,000.00
6,101	Leg Up Trust	25257	29-Sep-16	4,000.00
7,538	Autism Wairarapa Charitable Trust	25258	29-Sep-16	4,000.00
6,583	Manawatu Stewart Centre Trust	25259	29-Sep-16	4,000.00
702	Milson School	25260	29-Sep-16	4,000.00
836	Parkinson's Wairarapa	25262	29-Sep-16	3,000.00
7,887	East Coast Museum of Technology Inc	25266	29-Sep-16	10,000.00
5,871	Ngati Kahungunu Runanga Arts & Culture Trust	25267	29-Sep-16	80,000.00
265	Dannevirke Community Toy Library	25269	29-Sep-16	3,000.00
4,122	Foxton Combined Churches' Choir	25270	29-Sep-16	600.00
1,547	Hawke's Bay Volunteer Coastguard Inc	25271	29-Sep-16	4,000.00
6,357	The Limit Hawke's Bay Trust	25272	29-Sep-16	1,600.00
3,800	Wairarapa Hockey Association Inc	25273	29-Sep-16	4,000.00
455	Hastings District Council	25274	29-Sep-16	30,000.00
4,474	Gisborne Tennis Club	25275	29-Sep-16	35,000.00
7,657	Footnote NZ Dance	25277	29-Sep-16	8,100.00
2,378	Foxton Tourist & Development Association	25278	29-Sep-16	1,000.00
5,370	Ashhurst Pohangina Rugby Football Club	25279	29-Sep-16	2,300.00
7,890	Anglican Diocese of Waiapu - Puketapu Parish	25280	29-Sep-16	2,000.00
3,002	Hawke's Bay Philatelic Society Inc	25281	29-Sep-16	1,900.00
7,889	Kensington Village Social Committee	25282	29-Sep-16	1,000.00
4,365	Napier City Council	25283	29-Sep-16	4,000.00
7,323	Rotary Club of Makino Incorporated	25284	29-Sep-16	4,000.00
3,607	Shannon Bowling Club Inc	25285	29-Sep-16	900.00

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
1,232	Amputee Society of Hawke's Bay East Coast Inc	25286	29-Sep-16	2,000.00
7,891	In Solidarity Charitable Trust	25287	29-Sep-16	8,000.00
6,894	Manawatu Horowhenua Tararua Diabetes Trust	25288	29-Sep-16	4,000.00
4,819	Manawatu Skating Club Inc	25289	29-Sep-16	4,000.00
5,458	Napier Bridge Club Inc	25290	29-Sep-16	4,000.00
2,426	Pipes and Drums of Palmerston North & Districts	25291	29-Sep-16	1,400.00
2,324	Sacred Heart College, Napier	25292	29-Sep-16	10,000.00
5,044	Tararua Community Youth Services Inc	25293	29-Sep-16	4,000.00
5,224	Weraroa Cricket Club Inc	25294	29-Sep-16	4,000.00
7,482	Hawke's Bay Netball Centre Inc	25295	29-Sep-16	10,000.00
6,708	Wellstop Incorporated	25296	29-Sep-16	5,000.00
2,766	East Coast Rugby Football Union Inc	25297	29-Sep-16	4,000.00
4,976	Dannevirke Rugby Football Sub Union Inc	25298	29-Sep-16	4,000.00
7,746	He Awa Ora, He Tai Ora, Healthy Rivers Living Sex	25299	29-Sep-16	4,000.00
5,516	Heritage Park Rhododendron Charitable Trust	25300	29-Sep-16	4,000.00
2,109	Wairarapa College	25301	29-Sep-16	23,000.00
6,807	Nga Kairauhii	25302	29-Sep-16	4,000.00
Total for Eastern And Central				3,644,650.00
Report Totals				3,644,650.00

ECCT Audit and Risk Committee Work-plan

Audit Work-plan

Purpose

To ensure that the Audit and Risk Committee have a work-plan that will ensure duties as outlined in the Terms of Reference are delivered.

Context

The terms of reference sets out what duties the Audit and Risk Committee have been tasked with. This paper serves to review those duties, outline how the duties are to be performed and then form the basis of an annual work-plan. The work-plan forms the basis of Audit and Risk meeting agendas, spreading the duties appropriately over the year.

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
1	Oversight of the Annual Financial Reporting and Audit Process	Discussions are held, a timeline is prepared by the GM which is reviewed and agreed to by the Committee. Progress against this plan is monitored at meetings. Drafts are reviewed when prepared and final review prior to presentation to the Board	The annual reporting and audit process is carried out from late January each year to the end of May when the financial accounts are approved by the full Trust.	January - discuss timeline for annual reporting process. April – review draft annual accounts. May – review final annual accounts for recommendation
2	Ensure the financial statements are compliant with generally accepted accounting practices	Compliance is ensured by the GM and accounting team monitoring changes in reporting standards. The audit report confirms they are compliant. Committee members who are CA's advise known changes, Community Trust's discuss and use of outside expert is used and can be funded jointly by Trusts	Ongoing but particularly relevant in the year end reporting process outlined in point 1	January – discuss with auditor any changes that they are aware of, discuss any areas of concern February – agenda item to discuss inclusion April – review draft accounts and confirm with GM compliance May – auditor will confirm compliance
3	Oversight of the annual production of the financial statements and related reports	Review and agree timeline with GM and auditor. Provide input to GM. Monitor progress over timeline	January - agree timeline Feb – May – monitor progress	January – agree timeline Feb – May – agenda item for progress report
4	Liaising with the external auditors	Meetings are held pre and post audit outlined below. The Chair will work with the GM and auditor as required at the time of financial statement during the audit process		January – planning meeting May – post audit

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
5	Reviewing the annual audit plan with the external auditors	A meeting is held with the auditor before year end and before the audit commences	At the January meeting	January – review audit plan
6	Reviewing audit findings in relation to the annual audit and matters relating to the financial statements, and monitoring the status of corrective actions required	A meeting is held with the auditor at the completion of the audit. The auditor provides a letter of audit findings to be discussed and then audit findings are carried forward to each meeting to monitor as needed	Generally at the May meeting but will be at the completion of the audit and prior to sign off of the financial statements Audit findings and corrective actions are checked at each bi-monthly meeting	May – post audit meeting Bring “post-audit task list” to meetings - June August October December
7	Reviewing compliance to relevant statutory reporting requirements	Part of timeline agreement for preparation of accounts and audit	Confirm with GM that requirements met	August
8	Recommending the appointment of the external auditors	Appointment of new auditors at the end of each contract is per the policy (Being developed)	At end of each contract or if decision not to continue within a contract period.	September – RFP issued October – review proposal and recommend to November Trust meeting
9	Determining the audit fees	Fees are included in the contract but reported again by the auditor at the pre-planning meeting, discussed by the committee then a resolution to recommend to the full Board	January meeting	January – determine audit fees for Board approval at January Trust meeting
10	Assessing the performance of the auditor	The auditor assessment is undertaken using the evaluation tool, self-review, review by A & R with GM and then meeting with auditor. Continuation of the auditor is recommended to the Board annually	Review is held post audit and recommendation made to the November meeting for continuation if within contract period.	Undertake review process in July/August to be confirmed at August meeting and recommended to September Board
11	Ensuring that the Trust has the appropriate policies in place and these policies are reviewed and	There are a number of Board policies that are on the Board agenda for review and monitoring. (SIPO and Donations).	Policy project started August 2016, will take some time to	Ongoing

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
	monitored on a regular basis and reported to the Trust Board	Once the policy project is completed the A & R Committee will have a timetable for the review of each one which is then recommended for amendment or otherwise to the Trust. New policies would either go directly to the Trust or be first reviewed by the Committee.	develop and approve by Trust. Following this the policy index will be part of each meeting papers and one or more will be reviewed	Each meeting would usually have one or more policy reviews.
12	Receiving and reviewing the monthly financial reports, including investment performance of the Trust in months where a full Trust meeting is not held	These are provided bi-monthly by the GM		February April June August October December
13	Monitoring compliance with the Trust Deed and the Statutory Financial Reporting requirements as set in clause 15 of the Trust Deed	GM will provided a certificate of compliance annually	After the requirements are due to have been met – August each year	August
14	Evaluation and monitoring of the Trust's risk management policies, practices and procedures.	Evaluation and monitoring is carried out by the development of the Risk Matrix (developed by GM and A & R and approved by Board), regular update and review of status by GM, reporting by GM to the A & R Committee and Board,	The initial redevelopment of the matrix, scoring system, reporting/monitoring system and annual review will be brought to the October meeting for recommendation to the November Trust meeting. GM will report bi-monthly on Matrix	February April June August October December

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
15	Monitoring the Trust's internal control environment to assess its adequacy.	The internal control environment is generally assessed and documented by the auditor as part of their audit work. Comment is then given to management and to A & R post audit. There is no internal audit function being performed at present. The Committee should consider an independent controls review every couple of years or when key staff change, there is a major systems change or there is suspicion of some kind.	This can be considered at each meeting.	February April June August October December

ECCT Audit and Risk Committee Work-plan

Audit and Risk Committee Annual Work-plan

January	Monthly Accounts and Investment reports Meet with auditor – audit plan/engagement letter/determine fees Recommend fees to Board Review annual report preparation planning timeline	
February	Monthly Accounts and Investment reports Independent review of internal controls Risk Register update Review annual report preparation timeline Review need for internal audit Policy review per timeline	
March	Meet with auditor for update Review annual report preparation timeline	
April	Monthly Accounts and Investment reports Review draft annual accounts Risk Register update Review need for internal audit Policy review per timeline	
May	Monthly Accounts and Investment reports Meet with auditor Review and Recommend annual financial statements to Board Review annual report preparation timeline	
June	Monthly Accounts and Investment reports Review annual report preparation timeline Risk Register update Audit findings list Review need for internal audit Policy review per timeline	

ECCT Audit and Risk Committee Work-plan

August	Monthly Accounts and Investment reports Risk Register update Audit findings list Auditor review Recommend Auditor to Board (if within contract) Review need for internal audit Policy review per timeline Certificate of compliance with Trust Deed and Statutory reporting	
October	Monthly Accounts and Investment reports Risk Register update Audit findings list Review need for internal audit Policy review per timeline Review proposals for auditor (2016) and recommend appointment to Board	
December	Monthly Accounts and Investment reports Risk Register update Audit findings list Review need for internal audit Policy review per timeline	

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the update form the Chair on the Risk Register Review and update.
Agenda item no:	5
Subject:	Risk Register
Responsible for the report:	Chair of A & R Committee

Purpose of report:	To provide the A & R Committee with an update on progress for reviewing and updating ECCT's Risk Register.
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A verbal report will be provided to the meeting by the Chair of the A & R Committee.

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response	Link to Strategic Objective
	Strategic Objective 1	Capital - to preserve the capital base in real terms while making optimal annual distributions						
1	Equity Crash or prolonged period of negative returns	Medium	Significant	Trustees/General Manager/Advisor	Reserving policy, asset allocation, diversification & monitored monthly.	Global financial news & monthly Mngmt Reports very transparent.	Readdress SIPO, investment strategy, cashflows, expenditure budgets, donation distributions, call special meeting, etc..	1
2	Global or local failure of financial markets	High	Significant	Trustees/General Manager/Advisor	Monthly reporting. Diversification of assets.	Global financial news & monthly Mngmt Reports very transparent.	Trustees have policy for individual Trustees to call a Special Meeting. Readdress SIPO, investment strategy etc as above.	1
3	Currency Fluctuations	High	Significant	Executive/Trustees General Manager/Advisor	Currency Policy & FX rates monitored & reviewed monthly.	Monitored monthly by Executive - permanent item on the agenda. Controls sound although current FX rates abnormal (mean reversion?).	Review currency policy annually within SIPO review. Monitor currency position Monthly or as required.	1
4	Poor Fund Manager Performance	Medium	Medium	Fund Managers/ Financial Advisor/ Trustees	High proportion of investments in passive index funds. Annual Fund Manager Presentations. Performance reviewed monthly. Diversified amongst managers and assets.	Diversification of assets maintained close to benchmarks. Preference for passive over active assets. Performance over short and longer terms reported.	Monthly, quarterly and annual reviews. MCA recommendations. Change manager or change mandate. Take advice on alternative investments that arise.	1
5	Poor performance & advice from Financial Advisor	Low	Significant	Trustees/General Manager/ Financial Advisor	Peer reviewed every five years.	Actual v Benchmark performance monitored monthly.	Advise and monitor. Replace the financial advisor if necessary.	1
6	Fund Manager not adhering to fund mandate or not holding a satisfactory internal controls assurance report	Low	Medium	Fund Managers/ General Manager/ Financial Advisor	Mandates provided to fund managers at appointment. Monitored monthly by Financial Advisor, General Manager & Trustees. Annual checks on Internal Controls of Fund Managers to be reported when concern or annually to the May Audit & Risk Meeting	Mandates are very clear and applied as stated. Latest Internal Controls Assurance Reports for PIMCO, Elevation Capital & Forsyth Barr signed off at Sept Audit & Risk Meeting.	Advise and monitor. Replace the fund manager. Seek compensation from Fund Manager if losses occur. General Manager and/or Financial Advisor to advise the Board immediately of any concerns regarding internal controls.	1
7	Custodial Trustee - Public Trust	Low	Medium	Fund Advisor/ General Manager	Contact in place for provision of custodial services. Annual provision of internal controls audit.	Reviewed on an annual basis by Fund Advisor and General Manager	Monitor and review. Consider alternative options if unsatisfactory performance.	

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response	Link to Strategic Objective
8	Strategic Objective 2	Giving - to distribute Trust funds, in partnership with our communities and stakeholders, in a fair and effective manner						2
9	Donations are not granted fairly on a geographical basis	Low	Low	Trustees/Staff	Historical trends analysed and presented annually to Board			2
10	Donations are not granted fairly across ECCT's Categories e.g. Arts & Culture, Youth etc	Low	Low	Trustees/Staff	Historical trends analysed and presented annually to Board			2
11	Inneffective Funding Strategy	Medium	Significant	Trustees/Staff	To Come			2
	Strategic Objective 3	Organisation - to exercise effective governance and management that reflects best practice						
12	Acting outside NZ Law and key trust Documents	Low	Significant	General Manager /Trustees	Trustee induction includes reference to this. Processes are documented and actioned. Required compliance noted on Audit Work Plan	Review Trustee induction process. Audit Work Plan reveiwed every two months.		3
13	Business Continuity - Premises affected by Fire, Flood, Earthquake, Burglary, Terrorism etc	Very Low	Very significant	Staff / Trustees	Contents Insurance etc. Risk Prevention Strategy for the computer system. Pandemic Influenza Contingency Plan	Degree of cover sufficient - broker (Aon) assessment.	Salvage records where possible. Relocate to alternative premises. Staff have the ability to work from home. Reassess insurance premiums annually. Apply Business Continuity Plan.	3
14	Loss of key staff.	Medium	Medium	All staff	Insurance cover on the General Manager upon death. Ensures temporary appointment.	Timeframe set for resignations e.g. Trust Manager 3 months, other staff 1 month.	If urgent replacement required use employment agency. Apply Business Continuity Plan.	3
15	Pandemic	Low	High	General Manager	Pandemic Policy in place	Pandemic policy reviewed as part of the Audit Workplan		3
16	Health & Safety of Employees	Low	Medium	Staff /Trustees	H & S Policy developed and in place	Policy reviewed on an amnnual basis. GM reports to Board evry two months	Monthly staff meetings, hazard register reviewed and updated, actions as per H & S Policy	3

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response	Link to Strategic Objective
	FRAUD							
17	Inflated invoices	Medium	Medium	General Manager & Admin Officer	Check on all invoices by General Manager. Negotiated contract price for reviews.	All creditor payments are listed in Mngmt Report - Trustees expected to question.	No action required	
18	Credit Card	Low	Significant but Limit kept at \$5k	General Manager, Donations Assessors	All Statements checked by GM for approval. GM Statement signed retrospectively by Chair	Monthly reconciliation by Admin Officer, sign off by General Manager and Chair. Reported in Monthly Reports	Only work related expenses. Abuse will lead to removal of card from staff member	
19	Staff and Trustee expense claims	Low	Not significant	All staff and Trustees.	Payment of expenses requires invoice and receipt of payment.	All expense claims signed off by General Manager - rechecked once in Payroll.	No action required - addressed at new Trustee Training Day annually.	
20	Staff and Trustee mileage claims	Low	Not significant	All staff and Trustees.	Starting point and destination stated on staff claim form (AA checks at times) along with engine cc. Annual AA rates sought.	All expense claims signed off by General Manager - rechecked in Payroll. Payment authorised by <u>two</u> delegated authorisers	No action required - addressed at new Trustee Training Day annually.	
21	Unauthorised adjustments	Low	Significant	Prepared by Admin Officer. Payroll installed on three PCs only.	Payroll approved & imported into desk banking by General Manager. Access to Payroll on three computers only (passwords).	Payment authorised by <u>two</u> delegated authorisers. Payroll batches reported in Mgmt Report cash flows.	Only achievable if two collaborate. Two dismissals?	
22	Fictitious Application	Low	Unlikely	Staff/Trustees	Requirements of the application e.g. annual accounts, tax status etc.	None to date. Introduction of web portal could attract such fictitious applications.	Red alert for people involved into DMS.	
23	Funding inappropriate organisations	Low	Unlikely	Staff/Trustees	Staff recommendations & full Board decision. If declaration of interest Trustee unable to promote or vote.	Requirements of application form determines assessment of suitability.	Monitor applicants at database entry time and rely on the community knowledge of Trustees and staff.	
24	Misappropriation of a Donation	Low	Significant	Staff/Trustees	Accountability audit process on all special donations and random selection of standards.	Controls work well. Some not abiding to Client Agreement by not placing donation as separate entry in Annual Accounts.	Trust to request return of all funds. If fraud involved liaise with organisation and police. Stand down period for organisation.	
25	Trustee or staff Fraud	Low	Significant	General Manager	Two authorised signatories required for all payments. Funds only transferred from one account to another. Protected Disclosure Policy (Appendix 7 of Gov Charter)	Controls work very well. All cashflows and creditor payments reported monthly. Almost impossible for a Trustee to commit fraud.	Remain vigilant and maintain present controls. Report matter Police	

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response	Link to Strategic Objective
	CYBER/ICT							
26	General Computer system failure	Medium	Significant	Donations Assessor/TKP	Internal back ups stored off-site.	Current procedure provides adequate comfort.	Reconsider the current procedures. Apply Business Continuity Plan.	
27	Te Kete Putea (DMS & FMIS failure or budget overruns)	Medium	Significant	General Manager & providers	TKP back ups off-site. Help Desk. Governance role with Chairs Group. Directors appointed.	The inevitable budget over run. Enabling support under pressure - Helpdesk training for portal.	TKP Help Desk & Enabling. Also involved closely will be the four elected Directors and the appointed Management Group. Apply Business Continuity Plan.	
28	Security around electronic devices - Laptops, iPads, phones	Low	Medium	Staff/Trustees	It policy developed and Trustees and staff sign a IT Usage Contract. Firewalls and anti virus software in place. Monitoring by Tech servicing company.	Policy reviewed annually. Electronic tools are returned to ECCT or scrubbed of all trust information. Back up tapes on a daily basis	Reapply passwords, review software annually, remove device if abuse or non adherence to policy by staff or Trustee.	

CHANGES SINCE LAST REVIEW

Document Control	Date	Action
Annual Review by Board		
Reviewed by A & Committee		

Changes have been made since the last review and are highlighted in yellow.

Report type:	A & R Committee Decision Paper
Recommendation:	The A & R Committee considers the recommendation from the Chair of the A & R Committee and the General Manager to recommend the appointment of the Auditor for 2017 to 2021 to the full Board.
Agenda Item	6
Subject:	Recommendation of Auditor Appointment for 2017 - 2021.
Responsible for the report:	A & R Committee Chair/General Manager

Purpose of report:	To inform the A & R Committee of the proposals received by suitable companies to complete the Audit of ECCT.
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Background

With the completion of the current contract with Staples Rodway ECCT is in the process of considering the appointment of an Auditor for the next five years. This paper outlines

- The proposals received (copies attached)
- Comparison of key points
- Recommendation.

Proposals

As agreed RFP's were sent to five companies;

- Staples Rodway – Hawkes Bay
- PWC – Hawkes Bay
- BDO Spicers - Hawkes Bay
- Cotton Kelly – Palmerston North
- Audit Link – Palmerston North

Staples Rodway and PWC requested meetings with the General Manager, Staples Rodway also wished to introduce their other Audit Partner to the Chair of the A & R Committee.

Audit Link declined the opportunity to participate in the process but indicated a willingness to be included in the process in five years' time.

Copies of each of the proposal received are attached.

Comparison

The Chair of the A & R Committee and the General Manager have reviewed the attached proposals. There were five key factors which we considered important, these were;

1. People involved in the audit

2. Experience in conducting audits for Not for Profit entities
3. Investment portfolio experience and understanding
4. Timeframes to complete the audit
5. Pricing

Outlined below is a brief summary of each proposal. Please note that we believe all proposals have experienced audit staff capable of completing the audit, and all would be able to achieve the timelines requested.

BDO Spicers

- The cheapest option with an estimated cost for five years of \$103,500
- Limited investment portfolio experience

Cotton Kelly

- Most expensive at an estimated cost for five years of \$119,439 – price differentiation was almost entirely due to disbursement costs for travel
- Accessibility could be an issue due to location of office

PWC

- Second most expensive at an estimated cost for five years of \$119,233
- Investment experience at a local level is questionable

Staples Rodway

- Second cheapest option with an estimated cost for five years of \$106,008
- Have addressed possible concerns about familiarity with a different Audit Partner appointed
- Audit staff have familiarity of the organisation and portfolio – the audit manager was new in 2016 so has only just learned all about us

Recommendation

Having considered each of the proposals we have concluded that all were very similar and there was no individual proposal which stuck out as being superior. Considering them all we ranked them in the following order of preference; Staples Rodway, Cotton Kelly, PWC and BDO Spicers. We would like to recommend the following;

That the A & R Committee recommend to the Board that Staples Rodway be appointed as ECCT's Auditor for the next five years, commencing Financial Year end March 31 2017 This is subject to them changing the audit partner to Philip Pinkney as presented in their proposal.

Shelly Mitchell-Jenkins
Chair A & R Committee
October 2016

Jonathan Bell
General Manager

[illegible]

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This document contains confidential and commercially sensitive information and neither it, nor its contents, may be disclosed to a third party without permission by Staples Rodway.

EXECUTIVE SUMMARY

Thank you for the opportunity to submit this proposal to Eastern and Central Community Trust (ECCT) for the provision of external audit services.

As requested, we have structured the proposal according to the content and order in the 'Request for Audit Proposal' letter.

We believe Staples Rodway, by virtue of rotating to another audit partner, is best positioned to provide the 'fresh set of eyes' the Audit and Risk Committee seek. Remaining with Staples Rodway will have the combined benefit of providing audit partner rotation, while not having to go through the potentially disruptive process of changing audit firm.

Philip Pinckney as Audit Partner and Vipin Thomas as Audit Manager will ensure the audit of ECCT continues to be a robust examination of ECCT's systems, processes and financial information.

Our experience in the not-for-profit sector is second to none, including a significant audit client base in the sector and the involvement of the partner and manager in honorary treasurer/ trustee positions in a personal capacity.

Our audit approach withstands the scrutiny of reviews from the Financial Markets Authority and Chartered Accountants Australia and New Zealand, ensuring you receive a vigorous and well-structured audit.

We plan our audit closely with your senior management and Audit and Risk Committee to ensure all parties are well prepared to meet the deadlines required.

The fees we propose are commensurate with the time and expertise applied to the audit of a significant investment and donor organisation such as yourselves and we trust that you will find them reasonable.

OUR FIRM

Staples Rodway is one of Hawkes Bay's largest chartered accountancy practices offering a wide range of services to an extensive client base. The firm practices using a corporate structure and until now has operated a parallel partnership for the purposes of conducting audits. As discussed in our meeting, the regional offices of Staples Rodway within New Zealand are amalgamating their audit practices into a new entity – Staples Rodway Audit Limited. This is a limited liability company which is now a permitted structure for undertaking audits. The audit service will continue to be provided at a local level. The practice is based in Hastings and the offices are within a few minutes walk of the ECCT offices.

The firm as a whole serves virtually every industry in Hawkes Bay. The audit practice has clients in the charitable sector, other not-for-profits, NGOs, incorporated societies and associations as well as businesses involved in financial services, horticulture, post-harvest, viticulture the service sector and retail.

Staples Rodway Hawkes Bay has five directors, including two audit directors, supported by four client managers and 31 professional and administrative staff.

The firm offers the following broad service lines

- business advisory
- assurance
- taxation
- human resources
- corporate recovery/ insolvency

Our firm is part of the Staples Rodway network of independent firms in New Zealand. There are seven offices around the country. Staples Rodway is a member of the Baker Tilly international network of chartered accounting firms - considered to be the eighth largest in the world.

Further information on our firm, people and services can be found at our website www.staplesrodway.co.nz

Staples Rodway in Hawkes Bay

- Clients include not-for-profits, charitable trusts, NGOs and incorporated societies as well as 'profit oriented' businesses.
- Our clients range from those providing services solely in Hawkes Bay to those selling their products and expertise throughout the North Island, across the country and to the world
- Our membership of the Staples Rodway network gives us access to experts in all fields of business services with a broad technical knowledge.

We are uniquely placed to continue to service ECCT as a valued and premium audit client of our Hawkes Bay office.

Staples Rodway would welcome the opportunity to continue to be the auditor of choice for Eastern and Central Community Trust

NOT-FOR-PROFIT ENGAGEMENTS

STAPLES RODWAY'S INVOLVEMENT IN NOT-FOR-PROFIT ENGAGEMENTS

There are several aspects of ECCT that we can demonstrate experience and expertise in.

As alluded to in the 'Request for Proposal' letter, size, mission focus and complexity are considerations. A large part of our audit client base are not-for-profit entities, however none have an investment portfolio of the size or breadth of ECCT. However, across our client base we deal with different aspects of investment in different clients.

We undertake audits for the following relevant clients:

- Health Hawkes Bay Limited (HHB) – the Hawkes Bay Primary Health Organisation. HHB is a registered charity and has an investment portfolio of listed bonds. It is a PBE Tier 1 reporting entity.
- First Light Community Foundation Limited (FLCF) – a gaming trust based in Hastings. FLCF make grants to community organisations from its gaming receipts totalling approximately \$1.6m annually. FLCF is a PBE Tier 2 reporting entity.
- Hawkes Bay Rescue Helicopter Trust – a registered charity with a bond and share portfolio. The trust is a PBE Tier 2 reporting entity.
- Heretaunga Building Society (HBS) – a financial services entity with a bond portfolio and commercial investment properties. HBS are a Financial Markets Conduct reporting entity so prepare their financial statements in accordance with NZ IFRS
- Wairoa Waikaremoana Maori Trust Board – a registered charity with a portfolio of investment property that operates mainly in the adult education sector and also gives grants and scholarships
- Sport Hawkes Bay and Hawkes Bay Fruitgrowers Association Charitable Trust – both registered charities with an investment portfolio of bonds and shares
- Other registered charities we audit include Cancer Society Hawkes Bay branch, the Hastings District Masonic Trust group, Disability Resource Centre Hawkes Bay Trust, the Hawkes Bay YMCA, Rudolf Steiner School Hastings Trust, Central Districts Cricket Charitable Trust, and Stewart Centre @ EIT Trust
- Other not-for-profit entities we audit include 25 Hawkes Bay schools, Hawkes Bay Racing Incorporated, Hawkes Bay and East Coast Aero Club, Hastings City Business Association and Horse of the Year (Hawkes Bay) Limited
- We also have several clients where the fair valuing of 'non-standard' investments or loans is required. Generally these instruments require the consideration of discounted cash flows, which, when there is little or no history as guidance, can be very challenging to conclude as to one number as 'the fair value'. If there are instruments that we require expert assistance with, we readily consult with our National Technical Manager and also business valuation and investment advisory staff in our network to provide assistance coming to a conclusion.

There are also many not-for-profits we have as business advisory clients, however due to the different disciplines involved and also the need to maintain client confidentiality, there is not significant interaction between the audit and business advisory teams. However, it is common for staff and partners to consult throughout the firm if particular issues arise.

NOT-FOR-PROFIT ENGAGEMENTS

continued

STAFF INVOLVEMENT IN THE NOT-FOR-PROFIT SECTOR

Our firm has several staff and partners who are involved in not-for-profit organisations in a professional and personal capacity. The involvement most relevant to the ECCT audit is within the proposed ECCT audit team.

Philip Pinckney is the proposed audit partner for ECCT and Vipin Thomas, who was introduced to the ECCT audit in 2016 as Audit Supervisor has been promoted to Audit Manager and will continue to manage the ECCT audit.

Aside from involvement in the audits mentioned above Philip is the honorary treasurer for the Clifton County Cricket Club and a school alumni association. Vipin is a past honorary treasurer (and continues to provide assistance) for St Mary's Kerala Christian Community Incorporated and is a trustee & treasurer of Jesus Youth New Zealand – both registered charities.

You will be aware of the rotating audit partner, Stuart Signal's, association with Royston Health Trust Board, Presbyterian Support East Coast and Tasman Smith Charitable Trust.

Our business is to
ADD VALUE
to your business



THE AUDIT TEAM

ECCT'S ROTATION POLICY

We are aware of ECCT's policy of rotating auditor every five years to ensure audit independence is maintained and there is not undue familiarity between the audit team and the ECCT staff. Stuart Signal has been the audit partner on the ECCT audit since Staples Rodway's most recent appointment in 2012.

To ensure the rotation policy can be continued, we propose that Philip Pinckney will be the audit partner for the ensuing five years. By rotating audit partner within Staples Rodway, ECCT is still in keeping with the highest level of independence requirements imposed on Financial Market Conduct (FMC) entities (ie listed companies and other issuers). You will be aware that by rotating auditor every five years, ECCT is exceeding its legal and ethical requirements.

Philip was the audit manager on the ECCT audit in 2012. With his promotion to partner in mid-2012, Philip's direct involvement with the ECCT audit ceased at that stage. Aside from occasional discussions of complex or contentious issues and a brief Agreed Upon Procedures engagement in late 2014, Philip has had no association with the ECCT audit for the last four years.

We believe that, as implied by the listed entity rotation requirements, rotating auditor within an audit firm gives ECCT the independence it requires from its auditor, without the 'start up' costs involved with a full change to a new audit firm.

ALTERNATIVE OPTIONS

As mentioned above, the Staples Rodway offices in Tauranga, Waikato, Taranaki, Hawkes Bay, Wellington and Christchurch have formed an audit entity, Staples Rodway Audit Limited (SRAL). The audit practices of those firms will effectively become one firm. The purpose is to make interaction between the firms (which is becoming more common) more seamless, particularly for rotation of FMC entity audits. Staples Rodway Auckland is not becoming part of Staples Rodway Audit Limited because they have sufficient numbers of audit partners to deal with rotation requirements within their office.

An option for the rotation of the ECCT audit is that it rotates to one of the audit partners based in another office. This would ensure the ECCT audit partner is a completely different 'set of eyes'. This option is available to ECCT if Philip's independence, outlined above, is not thought to be sufficient. In this case, the remainder of audit team would continue to be from the Hawkes Bay office.

We have also considered the introduction of an 'engagement quality control reviewer' which is a second audit partner, to review the quality aspects of the file. In instances where such a review is mandatory (ie for Financial Market Conduct entities) this involves review of independence, identification of risk areas, materiality and other planning aspects, fieldwork and conclusion relating to risk areas, going concern, concluding and reporting. After discussion with the Chair of your Audit and Risk Committee, we have concluded that this additional layer of review and cost would not necessarily provide any further comfort to the rotation outlined above.

THE AUDIT TEAM continued

STAFFING OF THE ECCT AUDIT

For the purposes of this proposal, we have worked on the supposition that Philip is suitable as ECCT audit partner. Should another audit partner from SRAL or an 'engagement quality control reviewer' be preferred, we can provide details of the most relevant person's experience.

We consider that the information below covers both item 3 and item 7 from the 'Request for Proposal' letter.

PARTNER

Philip has been with Staples Rodway for nine years and commenced as an audit manager in 2007. Philip is a Licenced Auditor, which is the highest level of audit registration in New Zealand and means he is able to perform audits of FMC entities. Philip is also a Qualified Auditor and started his career with a 'Big 4' firm (Ernst & Young, now EY) in Wellington.

After three years contracting in the UK and Ireland, Philip returned to Wellington and worked till 2006 as the Financial Accountant at Housing New Zealand. Philip moved to Hawkes Bay in 2006 and spent a year and a half with New Zealand Aerial Mapping Limited before joining Staples Rodway.

Philip's previous experience working in industry from 1999 through to 2007 enhances his ability to empathise with clients and understand their issues.

MANAGER

Vipin commenced his audit career with Staples Rodway in 2008. Prior to joining Staples Rodway he worked in United Kingdom and India for approximately 5 years. He has progressed through the firm and was recently promoted to Audit Manager. He is responsible for overseeing and managing audits for a number of our FMC reporting clients and medium to large sized entities. 2016 was his first year of involvement with the ECCT audit.

Philip and/ or Vipin have been directly involved with virtually all of the clients mentioned under the 'Staples Rodway's involvement in the Not-for Profit sector' section, above. That experience, along with their personal involvement in the trusts and clubs mentioned above demonstrate significant understanding of, and experience in, the not-for-profit sector and with clients with investment portfolios.

STAFF

We will have two other audit staff on the engagement however at this stage we only intend to specify the audit partner and manager for the ECCT audit. We always endeavour to ensure continuity of staffing from year to year but given staff on an engagement tend to change from time to time as their careers progress (within or outside the firm) we cannot be definitive as to the staff on the audit team. We note that the other staff will be working under the close supervision of Vipin with Philip providing guidance and being closely involved in the areas of audit risk and reviewing the audit file.

AUDIT APPROACH

KEY ATTRIBUTES

The key attributes of our audit approach are:

- Partner led – audit planning and performance is driven by the audit partner
- Focused – a strong focus is placed on responding to risks
- Interactive – a consultative and responsive approach to service delivery
- Dynamic – tailoring our audit strategy to changing circumstances

We utilise state of the art audit methodology which is embedded within our Caseware audit software. The software incorporates international standards on auditing which are mandatory in New Zealand.

THE AUDIT PROCESS

An audit comprises a number of clearly defined activities including planning, risk assessment, audit procedures and reporting. Our audit approach involves understanding and documenting the systems and controls in place for each of the major accounting cycles - revenue/ investments, expenditure/ donations/ payables and payroll. This, combined with an assessment of the risks of fraud and/ or financial statement misstatement, determine the specific audit testing to be undertaken. The key risks to be addressed by us based on our understanding appear to be the valuation and disclosures for investments (particularly private equity investments) and the recording of donations and commitments. Our programs would address these risks specifically.

All workpapers in the audit file are reviewed by a person senior to the preparer. The entire file is reviewed by the audit partner and the risk areas of the file will also be reviewed by the manager. Review of the whole file by the audit partner ensures (a) the audit has been performed in accordance with the plan and (b) the different aspects of the file are consistent.

While our audit procedures are designed primarily to enable us to form an opinion on the financial report and they therefore, may not bring to light all weaknesses in systems and procedures which may exist, we are mindful of matters which may assist you and your key financial personnel in the conduct of ECCT from a management perspective.

THE ADVANTAGES FOR ECCT

The advantages accruing to ECCT from the above audit process and the steps taken to ensure audit quality, below, are:

- Robust and accurate financial statements prepared in accordance with PBE Tier 2 reporting standards enabling you fulfil your obligations to your stakeholders
- Improvement suggestions to processes and financial reporting procedures to ensure you are covering your financial process risks
- Access to a team of professionals to assist with your business, within the requirements of audit independence (eg a full range of HR consultancy services, technical accounting advice, business valuation)
- Business seminars – we host a programme of seminars through the year that are free to all clients, prospective clients and professional colleagues covering a wide range of topics such as commercial property, HR law, health and safety, insurance, ACC, etc

AUDIT APPROACH continued

AUDIT QUALITY

Staples Rodway has several aspects to its practice, in addition to the planning, performance and review of the audit as outlined above, that ensures a quality audit is performed.

- Training – the training programme is designed to ensure that the appropriate levels of staff are equipped to perform their role
 - o all staff have tertiary accounting qualifications and are Chartered Accountants, or are working toward that designation.
 - o all staff have been through Staples Rodway induction training and audit staff training hosted by the Australasian Chartered Accountants Training Group at both junior and (if applicable) senior level.
 - o Staples Rodway hold two days of National Audit Training annually, which all audit staff from all offices round the country attend
 - o attendance at external webinars for specific items of training, including a series of audit and financial reporting webinars hosted by our Baker Tilly affiliated firm in Australia – Pitcher Partners
- National file reviews – each year one file for an FMC reporting entity for each audit partner across the country is reviewed by an audit partner from a different office
 - o this file review helps to ensure consistency across different offices, with all audit teams emulating the best aspects of each file
 - o while this particular review relates just to FMC reporting entities, the same audit methodology applies across all audits therefore any learning from the review is fed back to the team and improves all audit files
- Inter-office reviews – in addition to the above, each year each office is reviewed by another Staples Rodway office.
 - o from an audit perspective this means that one file (usually not an FMC reporting entity because they are covered above) for each audit partner in that office is reviewed by an audit partner from a different office
 - o non-audit aspects of the office are also reviewed (eg business advisory files, taxation opinions, business valuations and the operation of the firms trust account). While these are not directly relevant to the ECCT audit, they do create a culture of quality throughout the office
- Financial Markets Authority file reviews – one file for an FMC reporting entity for each audit partner in an office is reviewed by the FMA approximately every three years
 - o these are similar in scope to the national file reviews above, but are undertaken by the FMA
 - o a report is issued by the reviewer and all items in the report must have an action plan to address them
- CAANZ office reviews – carried out by Chartered Accountants Australia and New Zealand approximately three yearly
 - o these are similar in scope to the inter-office reviews above, but are undertaken by (for the audit files) ex-audit partners of reputable firms

YOUR STAFF INVOLVEMENT IN THE AUDIT

PLANNING

Audit planning and systems documentation generally occurs in the last one or two months before the financial year end. By its very nature it requires considerable involvement of ECCT staff. The scope of the involvement at this stage is generally in the form of meetings with management to ascertain how the year has progressed to date, and any changes to the organisation, strategic direction, personnel, IT environment and control environment. This is followed by working with ECCT staff to re-confirm the processes for the main 'cycles' – investments, revenue, expenditure, grants and payroll – and to 'walk through' an example of each process (if applicable).

FIELDWORK AND COMPLETION PROCEDURES

Fieldwork is undertaken on receipt of the trial balance, workpapers and draft financial statements. It is generally an intensive few days where our staff work in your offices and request documents and explanations from your staff. For the ECCT audit, we would expect this process to take about a week and a half at the beginning of May.

We propose to ensure that difficult accounting issues or audit procedures that had not been apparent at the planning stage are raised with you during the fieldwork, with manager or partner involvement. This is preferable to postponing until the partner and manager review as it allows the issue to be fully considered when time allows, rather than being hurried towards the end of the audit.

In our recent experience we have found that having a detailed audit requirements checklist and ensuring all of that information is available at the commencement of the fieldwork provide the client and audit staff with a good platform for an efficient audit and takes some of the pressure off the client staff during the fieldwork. This would mean the client staff dedicating time after the financial year end and before the fieldwork to collate and review the information on the checklist.

REVIEW AND CONCLUDING

Partner and manager review generally commences near or at the end of the fieldwork. As a result of the reviews there will usually be follow up questions and documentation requests that the audit staff require of the ECCT staff. There also will be concluding discussions with senior management, although these are not expected to be time-consuming.

INDEPENDENCE

EXISTING OR POTENTIAL RELATIONSHIPS

By its nature ECCT's impact is felt widely throughout its catchment community. There will be several clients of the firm and also entities that our partners and staff are involved in that have received grants from ECCT in the past. It is impractical to provide all instances of those grants and from our discussions with you, we understand that you do not expect such instances to be identified and mitigated.

There is one direct occurrence that should, however, be brought to your attention. As noted above, Philip is the honorary treasurer of the Clifton County Cricket Club. The club received a very generous grant from ECCT of \$30,000 in late 2014. ECCT is awaiting the reviewed 30 June 2015 financial statements of the club. We have asked our reviewer to undertake the review, but as he has agreed to do the work 'pro bono', he has not yet been able to schedule the review around his other work.

AUDIT INDEPENDENCE

As your existing auditor, we are already subject to audit independence requirements and are therefore satisfied that none of our partners or staff have relationships that could affect our perceived or actual independence.

TIMELINES

You will be aware that we have met the timeline for completion of the audit by the end of May each year of our current tenure with the exception of 2014 due to factors at ECCT outside our control. We would propose the timeline below to ensure deadlines continue to be met:

Planning – initial meetings and presentation to audit committee	- January/ February
Interim fieldwork - systems and controls	- February
Balance date checks – confirmations	- 31 March
Final fieldwork - financial statements verification, presentation	- early May
Reviews - manager and partner reviews	- mid May
Reporting - audit committee and trustees, management letter	- late May

FEES

ESTIMATED HOURS

Based upon the completion of the audit, provision of the audit reports on the full and summary financial statements and the audit management letter, and attendance at one planning and one reporting Audit and Risk Committee meeting, we estimate the following hours would be incurred:

	Partner	Manager	Staff	Total
	(hrs)	(hrs)	(hrs)	(hrs)
Planning and interim	5	5	22	32
Fieldwork	-	-	55	55
Completion and reporting	10	5	18	33
Audit & Risk Committee	4	3	1	8
Summary financial statements	2	-	5	7
	21	13	101	135

PROPOSED FEES

The proposed audit fee for the audit of the full financial statements is \$16,800 and \$920 for providing an audit report on the summary financial statements. This price excludes GST (15%) and a 2% disbursement service charge. Including GST and the disbursement service charge total invoice amount is \$20,786.

In the absence of any changes to the scope of the audit, for the remaining four years of the term we would expect the fee to increase by about 1-2% per year. Possible changes to the scope could include the addition of a statement of service performance if that statement should become mandatory for PBE Tier 2 reporting. In such instances we would propose to discuss with you the draft content of the statement and ascertain how many hours at what level would be required. Any changes would be discussed with the Audit and Risk Committee at the planning stage.

MANAGEMENT OF OVER-RUNS

Our approach to managing over-runs is, in the first instance, to minimise them by ensuring all parties are clear on their expectations, including provision of documentation and assistance. The fees above are based on the provision of information to be detailed in an audit requirements checklist that we will discuss and agree with you at the planning stage of the audit, including receipt of third party information. Should the material not be available as agreed, or if we contribute significantly by way of developing 'auditable' documents or working around the unavailable material we will discuss the impact of this with you.

The partner will be involved in the development and discussion of the detailed audit requirements checklist, to ensure an understanding of the contents and their format.



Staples Rodway House
205 Hastings St South
PO Box 46
Hastings 4156
P +64 6 878 7004
E ppinckney@stapleshb.co.nz
W www.staplesrodway.co.nz



AUCKLAND | WAIKATO | TAURANGA | HAWKES BAY | TARANAKI | WELLINGTON | CHRISTCHURCH

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the update from the General Manager on the Policy Review update.
Agenda item no:	7
Subject:	Policy Review Update
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with an update on progress in the Policy Review and Policy Manual development.
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Background

The General Manager and Chair of the A & R Committee have met and reviewed the current policies which ECCT has and then reviewed other possible policies which should be considered by ECCT.

The attached list forms the contents page of the new ECCT Policy Manual.

Many of the policies listed e.g. Alcohol and Drug Policy, Annual Leave Policy are imbedded in the Individual Employment Agreements (IEA's) which are signed by staff.

We feel it is appropriate that these policies are removed from the IEA's as standalone documents and are then referred to as required. One advantage of this is the ability to change a policy without the need to change an entire IEA.

The General Manager is proceeding with collating the existing policies and the development of any new policies into one manual.

The timeframe for completion is the end of this calendar year.

Jonathan Bell
General Manager
October 2016

Eastern & Central Community Trust

Policy Manual

Contents

1.0	Trust Mission, Goals and Objectives	Page
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	2.4 Nationwide Grants Policy	Page
	2.5 Vehicle Payment policy	Page
	2.6 Write Back Policy	Page
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3.0	Human Resources Policies	
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4.0	Financial Policies	
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4.5 Fraud Policy	Page
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4.8 Reserves Policy	Page
 5.0 Governance Policies	
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6.1 Media & Communications Policy	Page
6.2 Travel Policy	Page
 7.0 Appendices	
7.1 Strategic Plan	Page
7.2 Trust Deed and Variation	Page
7.2 Community Trust Act	Page
7.3 Committee Structure	Page

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee considers the need for an Internal Audit.
Agenda item no:	8
Subject:	Internal Audit Consideration
Responsible for the report:	Chair A & R Committee

Purpose of report:	To provide the A & R Committee with an opportunity to discuss the requirement for an Internal Audit as per the work-plan schedule
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To be considered at the meeting.

Shelly Mitchell-Jenkins
A & R Committee Chair
October 2016

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee considers the Audit Management Report from the Auditor.
Agenda item no:	9
Subject:	Audit Management Report
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with a copy of the Management Report form the 2016 Audit.
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Attached is the Management report from the 2016 Audit.

Actions are noted and are for discussion at the meeting.

Jonathan Bell
General Manager
October 2016



Eastern & Central Community Trust

Report to the Trustees

on Matters Arising from the 2016 Audit

18 October 2016

Partner Name

Stuart Signal

Staples Rodway Hawkes Bay

Telephone: (06) 878-7004

Email: ssignal@stapleshb.co.nz

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Staples Rodway House
205 Hastings Street South
Hastings 4122

PO Box 46
Hastings 4156
New Zealand

Telephone 64 6 878 7004
Facsimile 64 6 876 0078
www.staplesrodway.co.nz



18 October 2016

The Trustees
Eastern & Central Community Trust
P O Box 1058
HASTINGS 4156

Dear Trustees

Management letter 2016

We have recently completed our audit of the Eastern & Central Community Trust (the Trust) for the year ended 31 March 2016.

The purpose of an audit of a financial report is to express an opinion on that report.

It should be noted that our audit procedures are designed primarily to enable us to form an opinion on the financial report and therefore, may not bring to light all weaknesses in systems and procedures, which may exist. However, we have endeavored to be mindful of matters, which may assist you and your key financial personnel in the conduct of the business from a management perspective.

The approval and implementation of any recommendations contained in this letter to management is the responsibility of management. The points raised in this letter have been reviewed by management and acceptance has been confirmed.

This letter to management has been prepared for the sole use of the Trust and the contents of this letter are not to be disclosed to a third party without the auditor's written consent and no responsibility is assumed by the auditor to anyone other than the entity.

We would like to thank Jonathan Bell and staff for their assistance during the course of the audit. We look forward to receiving any additional response to our observations and recommendations and to working with you in the future. If you have any questions in relation to any comments made in this report, please contact me on 878-7004.

Yours faithfully
STAPLES RODWAY HAWKES BAY

A handwritten signature in blue ink, appearing to read 'S G Signal', written over the printed name.

S G Signal
PARTNER
ssignal@stapleshb.co.nz

EXECUTIVE SUMMARY

We have identified the following issues as the most critical to management and consideration of them should be given a high priority. The implications and risk associated with these issues and our recommendations have been detailed on the following pages.

Cycle	No.	Issue
Annual reporting	2.1	Timeliness of reports from private equity investments

MATTERS ARISING FROM THE AUDIT

1. Systems & controls

1.1 Donation data entry into DMS

Observation

The Trust has developed good controls over the donation systems in the past few years, as more and more applications are being moved to an online basis.

We reviewed these processes and controls as part of the audit. We note the following matters

- Once donations are approved at board meetings any amendments are provided to the Donations Administrator who enters the amendments into DMS. At this stage there is no formal check done to ensure the correct amended amounts are entered.
- Applications received in hard copy are entered into DMS by the Donations Administrator. There is no independent check done to check the accuracy of data entered into DMS.

Implication/Risk

These situations place a strong level of reliance on the banking signatories to be satisfied with the accuracy and authenticity of the donations.

Recommendation

We recommend that consideration be given to how effective checking could be implemented for amended donations and manual applications eg amendment reports, check by Donation Assessor.

Management Comment

Following a Board meeting amended donations are checked by three staff. The General Manager, Board Secretary and Donations Administrator confer to ensure that any changes are noted, are correct and that the donations approved totals are reconciled. This process is documented and signed and the final reconciliation signed by the General Manager. In the future the Board Approved Total Report will be run and the amended totals checked and signed off by the General Manager.

We will give consideration to the development of an internal audit system of hard copy applications being entered into the DMS system. The key information which needs to be accurate is Charities Registration Number or Incorporated Society Number, bank account details, Minuted resolution to apply to ECCT and Financial Statements.

1.2 Banking controls

Observation

We note that there are two bank 'administrators' as part of the online banking mandate. Administrator designation is normally limited to a single, high level employee.

Implication/Risk

Having multiple administrators potentially widens access to banking system manipulation and reduces accountability.

Recommendation

We recommend that ECCT have only one banking system administrator.

Management Comment

ECCT has completed a new DeskBank Administration Details form removing all but one person to be the Administrator. This person is Jonathan Bell, the General Manager. We have also nominated Neil Attapattu as the backup if the General Manager is incapacitated in any way. A copy of this form is available upon request.

2. Annual reporting

2.1 Timeliness of reports from private equity investments

Observation

The Trust is increasing its investment into private equity entities. These are to be measured at their fair values in the Trust annual financial statements.

The movement in fair value is only calculated once a year by Pioneer Capital Partners (PCP) in their annual financial statements and these are not generally available until late May which is around or after the Trust's year-end reporting deadline for the financial statements. We note that the PCP report for the year ending 31 March 2016 from was received later than anticipated (7 June 2016). This may be similar for other investee entities.

Other private equity investments may have non concurrent balance dates with the Trust which could exacerbate the problems.

Implication/Risk

The private equity balance dates and the timeliness of the reports may place restrictions on the relevancy of information available which could materially affect the value of the investments as disclosed in the Trust's financial statements.

Recommendation

We recommend that management liaise with private equity providers to determine a means of assessing fair value on an appropriate timeframe.

Management Comment

The Audit & Risk Committee is currently developing a work plan and will include this recommendation within the plan. This will ensure that a fair value assessment will be completed in a timely manner.

REVIEW OF PRIOR YEAR MATTERS ARISING FROM THE AUDIT

Issue	Comment
Obtaining & reviewing internal control reports from Fund Custodians (2014 # 1.2)	<p>These reports, were obtained for all custodial entities during this year. The Public Trust's report for the 9 month ending March 2015 had qualifications relating to</p> <ul style="list-style-type: none"> - the timeliness of reporting to clients and - the disaster recovery plan which was not regularly tested. <p>The following review for the 3 months ending June 2015 also showed a qualification relating to the disaster recovery plan testing as in the previous report.</p> <p>We suggest regular review of these reports by management and the audit committee with follow up to the custodians regarding actions being taken.</p>
Separate general ledger accounts for individual reserves (2014 # 1.1)	<p>At year end, there was still just one equity general ledger account (# 5220 General Reserves). However there are two parts to equity (Trust Capital and a Donations Reserve) and the balances of these require separate disclosure each year in the financial statements. It would be easier to report on monthly and to audit if these were separately shown in the general ledger.</p>

SUMMARY OF AUDIT DIFFERENCES

In accordance with Auditing Standard ISA(NZ) 320 *Materiality in Planning and Performing an Audit*, we have provided and discussed with management our summary of uncorrected misstatements, which we consider to be immaterial individually and in aggregate. We have provided a list of these differences below for your information.

Description of adjustment	Value \$	Effect on profit
None noted		

COMMUNICATION REQUIREMENTS

We are required by the Auditing Standards under which the audit was performed to communicate with the trustees various matters related to the audit.

a) Significant difficulties encountered

We did not experience any significant difficulties during the audit.

b) Significant matters discussed with management.

We report that there were no significant matters discussed with management.

c) Significant findings

We report that, with the exception of the matters reported above, there were no significant findings as a result of the audit.

d) Significant qualitative aspects of accounting practices

We report that there were no significant qualitative aspects of accounting practices which we wish to bring to the trustees attention.

e) Written representations

As part of our audit we obtained written representation from Westpac, Bank of New Zealand, ANZ Bank and SBS bank regarding the trust's account balances. We also obtained written confirmation from Gifford Devine regarding the Trust's legal matters.

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the Monthly reports from Fund Managers and MCA.
Agenda item no:	10
Subject:	Monthly Reports
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the monthly reports from MCA, PIMCO and Forsyth Barr (Hastings)
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**Eastern & Central Community
Trust Inc**

**Monthly Report for
September 2016**

Transaction Summary

Eastern & Central Community Trust Inc

The bond purchases over the period were as follows:

Issuer	Maturity Date	Face Value	Cost ^{1,3}	Yield
Kiwi Prop Group	7 September 2023	\$870,000	\$870,000	4.0%

The bond sales over the period were as follows:

Issuer	Maturity Date	Face Value	Proceeds ²	Yield
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The bond maturities over the period were as follows:

Issuer	Maturity Date	Face Value	Coupon
Genesis Energy	15 September 2016	\$1,000,000	7.185%

The cash purchases over the period were as follows:

Issuer	Maturity Date	Face Value	Cost ^{1,3}	Yield
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Nil

¹ Cost includes brokerage, if any

² Proceeds are less brokerage, if any

³ Cost will be different to that shown on the portfolio valuation – the difference being accrued interest.

Compliance Report

Eastern & Central Community Trust Inc

We confirm that we hold title, in the name of Forsyth Barr Custodians Limited, for all the bond securities listed in this report.

We confirm that all cash at call is held in trust for the Eastern & Central Community Trust Incorporated.

Current Exposures (Face Value):

Security Type	Portfolio	Mandate Limit
Fixed rate bonds:	\$22.321 m	100%
Hybrid:	\$9.678 m	\$8.0 m
Perpetual*:	\$3.275 m	\$2.0 m

* All of the perpetual securities are also hybrid securities and are excluded from the hybrid total.

Commentary

During **September** the following occurred:

- The **RBNZ** kept the OCR at 2% pa;

During **October** the following will occur:

- We will redeem \$2 m of the 2019 subordinated bonds from Trustpower and reinvest \$2 m into senior bonds from Trustpower maturing in 2022;
- We will invest \$2 m into the new issue of bonds, maturing in 2023, from Z Energy;
- In October \$1 m of **Sky TV** bonds will mature and in November \$2 million of **Auckland Int. Airport** bonds will mature

Key Portfolio Information

Eastern & Central Community Trust Inc

Bond Maturity Analysis:

Maturity Date ¹	Portfolio Holding	
	\$	%
	Face Value	
2016 ²	\$3,000,000	9%
2017	\$6,276,000	18%
2018	\$1,958,000	6%
2019	\$6,375,000	18%
2020	\$2,000,000	6%
2021	\$8,250,000	23%
2022	\$0	0%
2023	\$4,270,000	12%
2024	\$1,870,000	5%
2025	\$0	0%
2026	\$0	0%
Perpetual	\$1,275,000	4%
	\$35,274,000	100%

¹ Includes perpetual's where we believe an earlier redemption date is likely.

² Excludes cash

Bond Credit Analysis:

Long-Term Credit Rating	Portfolio Holding	
	\$ Face Value	%
AAA	\$0	0.0%
AA+	\$0	0.0%
AA	\$0	0.0%
AA-	\$0	0.0%
A+	\$0	0.0%
A	\$0	0.0%
A-	\$4,000,000	11.3%
BBB+	\$11,500,000	32.6%
BBB	\$3,775,000	10.7%
BBB-	\$1,000,000	2.8%
BB+	\$6,104,000	17.3%
BB	\$0	0.0%
BB-	\$0	0.0%
Not Rated	\$8,895,000	25.2%
	\$35,274,000	100%
Average Weighted Credit:		BBB-



Interim Only

Portfolio Summary

Eastern & Central Community Trust Inc

1870575 GPW

30 September 2016

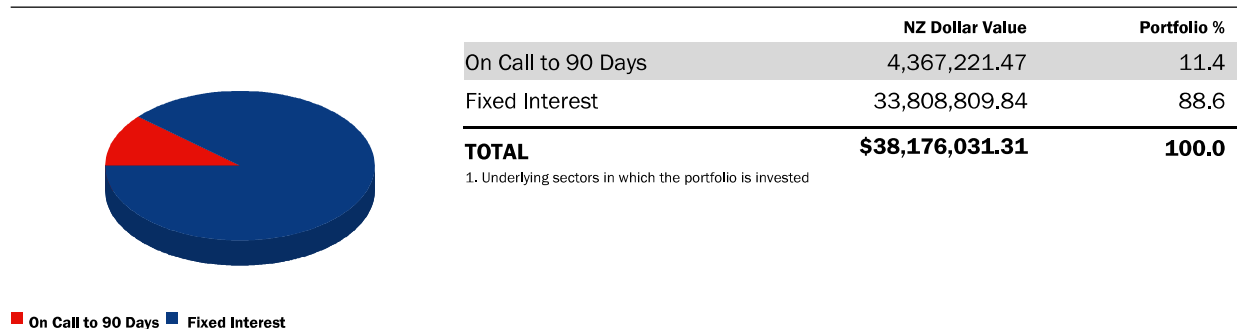
Premium Advisory Service

Your Forsyth Barr Advisor will provide you with advice in relation to this portfolio, while you, the investor, will determine the investments held and any changes to those investments by instructing us on each and every transaction. You will then receive the relevant contract note or acknowledgement, to confirm the details of the transaction.

Our understanding of the basis of provision of advice to you is as follows:

You request our advice on each of the securities in your portfolio and to receive recommendations for other securities or opportunities that you may wish to consider.

Asset Allocation ¹



Portfolio Valuation ²



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Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc
1870575 GPW
30 September 2016

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
Cash						
At Call						
	Forsyth Barr Cash Management		1,276,413.73		1,276,413.73	3.3%
	Distributions Receivable ⁽²⁾				8,731.25	0.02%
Maturing within 90 Days						
2,000,000	Auckland International Airport Limited 15/11/2016 8.00% ^(Bond)	1.00	2,000,000.00	1.007	2,013,076.49	5.4%
1,000,000	Sky Television Network Limited 16/10/2016 3.38% ^(Bond)	1.00	995,995.00	1.009	1,009,000.00	2.6%
	Accrued Interest				60,000.00	0.2 %
			4,272,408.73		4,367,221.47	11.4%
Fixed Interest						
Direct						
1,000,000	Meridian Energy Limited 16/03/2017 7.55% ^(Bond)	1.00	1,000,000.00	1.020	1,019,855.56	2.7%
1,926,000	Vector Limited 15/06/2017 7.00% ^(Bond)	1.01	1,943,434.57	1.015	1,955,617.41	5.2%
1,250,000	Powerco Limited 28/09/2017 6.74% ^(Bond)	0.93	1,158,448.47	1.034	1,292,520.09	3.4%
600,000	Kiwibank Limited 15/12/2017 5.80% ^(Bond)	1.00	600,000.00	1.016	609,747.86	1.6%
500,000	Infratil Limited 15/11/2018 6.85% ^(Bond)	1.04	520,291.58	1.049	524,710.16	1.4%
500,000	Fletcher Building Industries Limited 15/03/2019 6.45% ^(Bond)	1.00	500,000.00	1.057	528,402.25	1.4%
1,375,000	Contact Energy Limited 15/05/2019 5.80% ^(Bond)	1.00	1,375,000.00	1.065	1,464,647.18	3.9%
2,000,000	ASB Bank Limited Subordinated Notes 15/06/2024 6.65% ^(Bond)	1.00	2,000,000.00	1.052	2,103,833.95	5.5%
1,870,000	Mercury NZ Limited 11/07/2044 6.90% ^(Bond)	1.00	1,870,000.00	1.054	1,971,607.31	5.2%
250,000	Kiwi Capital Funding Limited 15/07/2024 6.61% ^(Bond)	1.00	250,000.00	1.055	263,668.02	0.7%
2,250,000	TrustPower Limited 15/09/2019 6.75% ^(Bond)	1.00	2,250,000.00	1.078	2,425,083.97	6.4%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

30 September 2016

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
1,500,000	Fletcher Building Industries Limited 15/03/2021 4.75% (Bond)	1.00	1,500,000.00	1.020	1,530,143.49	4.0%
250,000	Sky Network Television Limited 31/03/2021 6.25% (Bond)	1.00	250,000.00	1.116	279,060.90	0.7%
700,000	Chorus Limited 06/05/2021 4.12 % (Bond)	1.00	700,000.00	1.022	715,361.47	1.9%
600,000	Wellington International Airport Limited 15/05/2021 6.25% (Bond)	1.00	600,000.00	1.121	672,584.72	1.8%
750,000	Kiwi Property Group Limited 20/08/2021 6.15% (Bond)	1.00	750,000.00	1.109	831,450.20	2.2%
2,000,000	Westpac Banking Corporation Subordinated Notes 01/09/2026 4.695% (Bond)	1.00	2,000,000.00	1.011	2,021,517.52	5.3%
2,000,000	Christchurch International Airport Limited 04/10/2021 6.25% (Bond)	1.01	2,014,084.40	1.125	2,249,885.91	6.1%
450,000	Contact Energy Limited 15/11/2021 4.40% (Bond)	1.00	450,457.50	1.044	469,997.67	1.2%
2,000,000	Spark Finance Limited 10/03/2023 4.51% (Bond)	1.02	2,045,201.92	1.064	2,127,986.26	5.6%
1,400,000	Wellington International Airport Limited 12/05/2023 4.25% (Bond)	1.01	1,415,283.97	1.032	1,444,778.41	3.8%
870,000	Kiwi Property Group 07/09/2023 4.00% (Bond)	1.00	870,000.00	1.003	872,598.08	2.3%
2,000,000	Bank of New Zealand Subordinated 17/12/2025 5.314% (Bond)	1.00	2,000,000.00	1.050	2,099,046.91	5.5%
958,000	Genesis Energy Limited 15/07/2041 6.19% (Bond)	1.07	1,022,535.58	1.045	1,001,110.00	2.6%
	Accrued Interest				243,469.54	0.6 %
Perpetuals						
500,000	ANZ Bank New Zealand Limited Perpetual 5.28% (Perpetual Bond)	1.00	500,000.00	1.030	515,000.00	1.3%
500,000	Credit Agricole Perpetual Deeply Subordinated Notes 5.04% (Perpetual Bond)	1.00	500,000.00	0.923	461,250.00	1.2%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

30 September 2016

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
12,750	Nufarm Finance NZ Limited Preference Shares 6.355% (Perpetual Bond)	115.74	1,475,694.44	90.500	1,153,875.00	3.0%
1,000,000	Rabobank Nederland Perpetual 3.4925% (Perpetual Bond)	1.00	1,000,000.00	0.960	960,000.00	2.5%
			32,560,432.43		33,808,809.84	88.6%
Total			36,832,841.16		38,176,031.31	100.0%

Exchange rate to New Zealand Dollar (FX = 1.0000)

New Zealand Dollar Market Value of New Zealand Dollar assets:

\$38,176,031.31

Securities traded in this market are held by Forsyth Barr Custodians Ltd, New Zealand, with the exception of cash which is held by Forsyth Barr Cash Management Nominees Ltd, New Zealand.



Interim Only

Transactions

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

From 1 September 2016 To 30 September 2016

				Local Currency				NZD
Transaction Date	Quantity	Security	Transaction Description	Net Unit Price	Net Amount	Transaction Cost	FX Rate	Net Amount
New Zealand Dollar Transactions								
Purchases and related transactions								
01/09/16	2,000,000	Westpac Banking Corporation Subordinated Notes 01/09/2026 4.695% (Bond)	Allocation of New Issue	1.00	2,000,000.00		1.0000	2,000,000.00
02/09/16	870,000	Kiwi Property Group 07/09/2023 4.00% (Bond)	Purchase	1.00	870,000.00		1.0000	870,000.00
					2,870,000.00			2,870,000.00
Sales and related transactions								
15/09/16	1,000,000	Genesis Energy Limited 15/09/2016 7.185% (Bond)	Maturity	1.00	1,000,000.00		1.0000	1,000,000.00
					1,000,000.00			1,000,000.00

This schedule reports on any transaction that results in a consequential increase or decrease in your portfolio holding.

Transaction costs include brokerage, trade fee, and for securities transacted in foreign markets, an agency fee.

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Interim Only

Cash Ledger

Eastern & Central Community Trust Inc
1870575 GPW

From 1 September 2016 To 30 September 2016

1. Current Cash Holdings

Currency	Amount	FX Rate	NZ Dollar Value
New Zealand Dollar			
Forsyth Barr Cash Management	1,276,413.73	1.0000	1,276,413.73
			1,276,413.73

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Interim Only

Cash Ledger

Eastern & Central Community Trust Inc

1870575 GPW

From 1 September 2016 To 30 September 2016

2. Cash Transactions

Date	Transaction	Value
New Zealand Dollar		
Forsyth Barr Cash Management		
	Opening Balance:	840,711.54
06/09/16	Transfer from Account Ledger	35,000.00
07/09/16	Transfer to Account Ledger	-870,000.00
08/09/16	Transfer from Account Ledger	3,739.72
12/09/16	Transfer from Account Ledger	22,550.00
15/09/16	Transfer from Account Ledger	1,000,000.00
15/09/16	Transfer from Account Ledger	37,968.75
15/09/16	Transfer from Account Ledger	23,750.00
15/09/16	Transfer from Account Ledger	16,213.11
15/09/16	Transfer from Account Ledger	35,925.00
15/09/16	Transfer from Account Ledger	33,250.00
16/09/16	Transfer from Account Ledger	37,750.00
19/09/16	Transfer from Account Ledger	26,570.00
19/09/16	Transfer from Account Ledger	6,300.00
28/09/16	Transfer from Account Ledger	21,062.50
30/09/16	Interest Received - Forsyth Barr Cash Management	1,716.86
30/09/16	Transfer from Account Ledger	3,906.25
	Closing Balance:	1,276,413.73
Account Ledger		
	Opening Balance:	0.00
02/09/16	Purchase - Kiwi Property Group 07/09/2023 4.00%	-870,000.00
06/09/16	Transfer from Account Ledger	-35,000.00
06/09/16	Addition to Portfolio - (Eastern & Central Community Trust Inc) - Direct Credit Receipt	35,000.00
07/09/16	Transfer to Account Ledger	870,000.00
08/09/16	Interest Received - Early Bird - Westpac Banking Corporation Subordinated Notes 01/09/2026 4.695%	3,739.72
08/09/16	Transfer from Account Ledger	-3,739.72
12/09/16	Interest Received - Spark Finance Limited 10/03/2023 4.51%	22,550.00
12/09/16	Transfer from Account Ledger	-22,550.00
15/09/16	Maturity - Genesis Energy Limited 15/09/2016 7.185%	1,000,000.00

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Interim Only

Cash Ledger

Eastern & Central Community Trust Inc
1870575 GPW

From 1 September 2016 To 30 September 2016

New Zealand Dollar

15/09/16	Interest Received - ASB Bank Limited Subordinated Notes 15/06/2024 6.65%	33,250.00
15/09/16	Interest Received - Fletcher Building Industries Limited 15/03/2019 6.45%	16,213.11
15/09/16	Interest Received - Fletcher Building Industries Limited 15/03/2021 4.75%	23,750.00
15/09/16	Interest Received - Genesis Energy Limited 15/09/2016 7.185%	35,925.00
15/09/16	Interest Received - TrustPower Limited 15/09/2019 6.75%	37,968.75
15/09/16	Transfer from Account Ledger	-1,000,000.00
15/09/16	Transfer from Account Ledger	-37,968.75
15/09/16	Transfer from Account Ledger	-23,750.00
15/09/16	Transfer from Account Ledger	-16,213.11
15/09/16	Transfer from Account Ledger	-35,925.00
15/09/16	Transfer from Account Ledger	-33,250.00
16/09/16	Interest Received - Meridian Energy Limited 16/03/2017 7.55%	37,750.00
16/09/16	Transfer from Account Ledger	-37,750.00
19/09/16	Interest Received - Credit Agricole Perpetual Deeply Subordinated Notes 5.04%	6,300.00
19/09/16	Interest Received - Bank of New Zealand Subordinated 17/12/2025 5.314%	26,570.00
19/09/16	Transfer from Account Ledger	-26,570.00
19/09/16	Transfer from Account Ledger	-6,300.00
28/09/16	Interest Received - Powerco Limited 28/09/2017 6.74%	21,062.50
28/09/16	Transfer from Account Ledger	-21,062.50
30/09/16	Interest Received - Sky Network Television Limited 31/03/2021 6.25%	3,906.25
30/09/16	Transfer from Account Ledger	-3,906.25
Closing Balance:		0.00

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Interim Only

Income Summary

Eastern & Central Community Trust Inc
1870575 GPW

Prescribed Investor Rate (PIR) 0%
Withholding Tax Rate Exempt

From 1 September 2016 to 30 September 2016

All figures are shown in New Zealand Dollars (NZD)	Gross Amount	PIE Tax	Withholding Tax	Imputation Credits	Withholding Payment Credits	Issuer Management Fees	Net Amount
Cash & At Call	1,716.86						1,716.86
Fixed Interest	268,985.33						268,985.33
New Zealand Equities							
Foreign Equities							
Total Portfolio Income	270,702.19	0.00	0.00	0.00	0.00	0.00	270,702.19

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Performance Report: portfolio valuation

Internal rate of return (IRR) for the change in total portfolio value, adjusted for contributions/withdrawals, interest/dividends etc.

Eastern & Central Community Trust Inc

1870575 GPW

From 1 September 2016 To 30 September 2016

Reporting Currency New Zealand Dollars

Opening Market Value	37,924,760.80
Net Contributions/Withdrawals	35,000.00
Realised Gain	0.00
Realised Price Gain	0.00
Realised FX Gain	0.00
Unrealised Gain	58,643.17
Unrealised Price Gain	58,643.17
Unrealised FX Gain	0.00
Interest	270,702.19
Dividends	0.00
Change in Accrued Interest	-121,806.10
Change in Dividends Receivable	8,731.25
Portfolio Fees	0.00
Closing Market Value	38,176,031.31
Price IRR for 0.08 Years	0.57%
FX IRR for 0.08 Years	0.00%
IRR for 0.08 Years	0.57%

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PIMCO

Caren J Rangi & Mark T Kilmister ATF Eastern&Central
Community Trust
102 Russell Street South Hastings
HASTINGS
New Zealand

Duplicate Copy

Your client recently received the following correspondence.

Transaction Statement 01 Sep 2016 to 30 Sep 2016

Dear Sir / Madam,

Set out below are the details of your investment and a transaction history for the period. Please keep this statement for future reference.

Investment Summary - 30 Sep 2016

Date	Investment Fund	Price	Units Held	Market Value	%
30/09/2016	PIMCO NZD Hedged Global Strategy Fund	\$960.0027	18,732.0910	\$17,982,857.94	100.00
30/09/2016	Total Investments			\$17,982,857.94	

Fund Transactions

PIMCO NZD Hedged Global Strategy Fund

Date	Transactions	Unit Price (\$)	Transaction Units	Amount (\$)	Unit Balance
01/09/2016	Opening Balance	960.9722		18,001,018.70	18,732.0910
30/09/2016	Closing Balance	960.0027		17,982,857.94	18,732.0910

If you have any questions about your investment, please contact your adviser, or call us on 1300 113 547.

Regards,

PIMCO Investor Services.

Enquiries: 1300 113 547

Mail: GPO Box 804
Melbourne VIC 3001

Fax: 02 9151 4096

Web: www.pimco.com.au

Email: investorservices@au.pimco.com

PIMCO Australia Pty Ltd

ABN 54 084 280 508

AFS Licence 246862

Page

1 of 1

Date

05 October 2016

Investor Name

Caren J Rangi & Mark T Kilmister ATF
Eastern&Central Community Trust

Investor Number

500101332

TFN/ABN Status

Tax Exempt

Financial Adviser

Default