Eastern & Central
COMMUNITY
TRUST

Helping fund a better community

AUDIT & RISK COMMITTEE MEETING

3:00 pm Thursday 28th April 2016
Eastern & Central Community Trust Meeting Room

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 28th APRIL 2016 COMMENCING AT 3:00 P.M.

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SECRETARIAL AND COMMITTEE ADMINISTRATION ITEMS

1. Welcome and Apologies
2. Draft Minutes of the A & R Committee Meeting held December 18th 2015 : **pages 3-4**
3. Matters arising and action items: **page 5**

COMMITTEE INFORMATION PAPERS

4. GM Report & Financial Reports: **pages 6-20**
5. Hedging Update: **pages 21-22**
6. Audit Update: **Included in GM Report (verbal Comments)**
7. Risk Register: **pages 23-28**
8. Work plan update:
9. General Business

Close of Meeting

Next meeting: To be confirmed

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 21 MARCH 2016, COMMENCING AT 4:00 PM.

COMMITTEE MEMBERS BY TELECONFERENCE:
Shelly Mitchell-Jenkins (Chair), Caren Rangi, Mark Kilmister, Stephen Kerr, Geoff Milner.

IN ATTENDANCE:
Jonathan Bell (General Manager)

1. APOLOGIES
Nil

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 25th February 2016 as a true and accurate record of the meeting.
G Milner/S Kerr
CARRIED

3. MATTERS ARISING FROM THE PREVIOUS MINUTES
There were no matters arising.

4. ACTION ITEMS
There were no matters arising from the action items that are not covered in elsewhere.

5. NOTES TO THE FINANCIAL STATEMENTS
A draft copy of the notes to the financial statements was attached to the agenda papers for the committee member's information. These have been developed with input from the GM, Andy Arcus, Jason Stinchcombe (RSM Audit) and Michael Chamberlain, key points noted;

- Notes 13 and 14 re Financial Instruments and Related Party transactions are those with major changes. Other changes are minor wording only.
- Sensitivity analysis in note 14 has been significantly reduced.
- The General Manager outlined some concerns with Note 13, related party transactions. It was suggested that rather than stipulating the exact salary of senior management that a salary band be used. This is seen as normal and accepted practice to protect confidentiality but provide some transparency. This change to be made in the Notes **ACTION ITEM.**
- The valuation of TKP was also raised and an independent opinion has been requested from RSM. It was also noted that the treatment of the value of TKP and the decision of the life of the investment is ECCT's to be determined.
- The transfer to Capital was discussed and noted that this needs to be an item for the March meeting for the Board to consider. This decision impacts on the donations budget decision. **ACTION ITEM.**
- Question on short term benefits which includes salary and KiwiSaver.

6. AUDIT PLAN UPDATE

DRAFT

The General Manager advised the committee that the audit was going to plan apart from the delay in getting the Financial Notes to the Auditor. This will not hold up the process though.

7. DRAFT BUDGET 2016/17

The latest version of the draft budget was presented and the following key points were noted;

- Role of the GM was to develop the budget, the A & R Committee challenges the budget and its associated assumptions. The A & Committee then recommends the budget to the full Board for ratification.
- The forecast income was questioned given the current financial year's results and possible market conditions for the next twelve months. The General Manager responded by explaining the rationale behind the assumptions. E.g. Forsyth Barr Equities at 3.75% of $50.2 mill portfolio when the current portfolio sits at $54.6 million.
- There was a request to put the 11 months actual numbers in. **ACTION ITEM.**
- Following discussion the committee agreed to accept the budgeted income figures.
- The donations number is to be amended to reflect SIPO (ie 4% of the capital base at 31 March 2016). **ACTION ITEM.** The Trust needs to confirm the transfer amount to capital before this number can be finalised.
- The A & R Committee is endorsing only the total donations total number not the split as donations allocation and approval is a Trust decision.
- Proposed CSI work needs to be highlighted when presenting to the Trust If the proposal is not accepted then it will be removed from the budget
- Other expense items have been adjusted and now include the proposed CSI spend.
- Actions required
    - Present a budget which is "clean" and easy to read
    - Develop a paper which highlights the key points on the budget and some of the underlying assumptions.
    - Clarify the transfer to reserves and the process.
    - Verify the donations budget of $5.88 million.
- The Chair asked each committee member if they were comfortable recommending a deficit budget to the full Board. All agreed that the budget should be presented to the Trust with a note that it will be the Trust's decision to accept or amend the donations budget figure.

7.1 RESOLUTION

The Committee resolved that;

The A & R Committee recommends the Draft 2016-17 forecast budget for approval subject to:

a. Remove notes from the spreadsheet

b. Confirmation of the capital base figure and inclusion of donations at 4% of this per SIPO

c. Develop a paper on the key highlight and note assumptions.

S Mitchell Jenkins/C Rangi

CARRIED

8. RISK MANAGEMENT ASSESSMENT REGISTER

This project is currently in abeyance.

9. OTHER BUSINESS

There were no items of general business

10. CLOSURE

The meeting closed at 5:10pm.

DRAFT

Back to Agenda

Report type:	Operational Reports to the A & R Committee
Recommendation:	The A & R receives and accepts 1. The Financial Report for the period to 31st March 2016 2. The General Manager's report for the period to 18th April 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 31st March 2016), and other KPI's to 18th April 2016. To flag any items of risk for the Board and to flag any other items of significance to the Board.

GENERAL MANAGERS REPORT MARCH 2016

1.0 Executive Summary

Since the last Trust meeting the following points are noted;

1. Global markets had another mixed month in March resulting in a loss in our investment portfolio.
2. Currency movement the other way (positive $7.8 million) resulted in a year end result of $1.066 mill.

2.0 Financial Performance

2.1 Dashboard

The number of red lights has reduced since our last meeting replaced by some green ones instead. Key comments to note are;

2.2 Balance Sheet

- Elevation Capital and Forsyth Barr had significant gains in their respective portfolios
- Global bonds increased, whilst NZ Bonds fell slightly.
- Y/E our portfolio has increased by approximately $2.2 million.

2.3 Income

- Realised income for the month was ahead of budget by $319k.
- Income Y/E is behind budget by $358k.
- Unrealised income is $3.6 million, compared to this time last year it was $13.2 million.

2.4 Expenses

- Expenses for the month were slightly higher than budgeted. The majority of this is a prepayment for TKP for the first quarter of this financial year. The over budget amount for the full year is the extra money we paid for upgrade which wasn't budgeted for approximately $7k.
- Y/E expenses are under budget by $58k.

2.5 Distributions

- Total donations approved Y/E were behind budget by $133k.
- We have had $352k of write backs making our net distributions for the year $485k behind budget.
- Applications for the May meeting are 132, slightly lower than the ten year average of approximately 140.

2.6 Hedging

- The MCA Hedging report for 6th April is included.
- According to policy we have;
    - Taken hedging cover of $23 mill against the USD. This will mature at the same time as the cover we have on the Euro.
    - Reduced our exposure to the Euro by NZD$6 mill. This will result in a small payment to ECCT of approximately $50k.

2.7 Capital Base

- The capital base graphs are attached.
- I have adjusted the graphs according to the approved capital base from the last Trust meeting, hence the small dip in the graphs.
- We will continue to accrue an amount appropriate to the projected CPI for the coming 12 months.

2.8 Risk Register

- The key areas of concern to note are;
    - 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.
    - Health & Safety Changes – I have contracted GROW HR to conduct an internal audit of our current processes etc. They will be providing any recommended changes which I will be able to report back to the full Board at our May 2016 meeting.

3.0 Action Plan

The action plan is attached and the following comments are made;

#2 & 3 – General Manager and Chair are meeting with MCA on the 20th of this month.

#5 Responsible Investment was a topic at the Community Trusts Conference and it is timely to add this to our Strategic Retreat discussion.

#6 RSM Opinion – I have chased up RSM for this.

4.0 Audit 2016

- We have had no feedback from the Auditor on the format for the Notes to the Financial Statements. I will follow this up and report back to the meeting.
- Year-end has been closed off and Andy, Jill and I have begun compiling the information required by the Auditor.
- We are tracking to the time lines for providing this information to the Auditor.

5.0 HR

- There is nothing that needs to be brought to the attention of the A & R Committee.

6.0 Other

- MCA – Community Trust of Southland has reviewed their Funds Advisor and has decided to replace Michael Chamberlain with AON Hewitt. I will be speaking to John Prendergast early next week to in out the reasoning behind their decision. I do know that Mid & South Canterbury Community Trust are happy with MCA but have concerns about him being a one man band.

Jonathan Bell
General Manager
18th April 2016

A & R COMMITTEE ACTION PLAN

Meeting Date; 21st March 2016

#	ACTION	WHO	WHEN	STATUS
1	Add amended Trustee exit interview strategy to plan and charter	Jonathan	At Governance Charter Review	Pending
2	Review Fund Managers Contracts	Jonathan	Sept	Part of Annual Review due March/April 2016
3	Elevation Capital – Holding more cash than mandate	Jonathan & MCA	Mar/Apr	Completed
4	ECCT needs income as well as gains in the portfolio – emphasise to Fund Managers	Jonathan	March	Part of review process
	Ethical Investment – Add to January Board meeting as an agenda item	Jonathan	Jan	Agenda item for Strategic Retreat in June
6	GM to seek advice from RSM Audit on valuing Private Equity Investment	Jonathan	March	Still awaiting an opinion
7	Committee members to email Jonathan with any questions they would like raised with Elevation Capital for their review	Trustees	March	Pending
8	Risk Register Matrix development – Update to be reported at the Feb meeting	Shelly & Caren	Feb	Feb Agenda Item
9	Salary Band to be used in Financial Notes	Jonathan	May	Pending
10	Transfer to Capital Base – March Board meeting agenda item	Jonathan	March	Completed
11	Forecast Budget – enter 11 month figures	Jonathan	ASAP	Completed
12	Donations Number to be amended to reflect SIPO	Jonathan	ASAP	Completed
13	Work Plan Update	Shelly/Caren	Ongoing	Update from Committee Chair in meetings

ECCT MONTHLY FINANCIAL REPORTING DASHBOARD

Month End	Comparison Current Month to Budget 31st March 2016		Comparison YTD to Budget 31st March 2016	
	Actual (000's)	Budget (000's)	Actual (000's)	Budget (000's)
Total Realised Income	$ 0.675	$ 0.356	$ 7.060	$ 7.418
Total Operating Expenses	$ 0.160	$ 0.147	$ 1.635	$ 1.693
Net Disposable Investment Income	$ 0.515	$ 0.209	$ 5.425	$ 5.724
Donations Approved	$ 0.610	$ 0.614	$ 5.546	$ 5.680
Donations Written Back	$ 0.001	$ -	-$ 0.353	$ -
Surplus After Donations	-$ 0.095	-$ 0.405	$ 0.232	$ 0.044
Less Brokerage Fees	-$ 0.047	$ -	-$ 0.321	$ 0.025
Hedging Gain/Loss	-$ 0.605	$ -	-$ 2.467	$ -
Unrealised Income	$ 3.117	$ -	$ 3.623	$ -
Surplus Income	$ 2.370	-$ 0.405	$ 1.067	$ 0.019

For commentary please see GM's Report

Investments	March 29 Value		Monthly Change (000's)	YTD Change (000's)		March 31st 2015 Value (000's)
Equity F Barr	54,673	55,321	648	3,094		52,227
Equity E Capital	46,134	47,089	955	- 1,177		48,266
NZ Bonds	37,628	36,960	-668	- 3,163		40,123
O'Seas Bonds	18,004	18,487	483	2,994		15,493
Own Cash	6,500	6,000	-500	500		5,500
	Total	163,857	918	2,248	Total	161,609

Complaints	Nil	Nil

Value increased or ahead of budget
No change
Value decreased or behind budget

Eastern & Central COMMUNITY TRUST
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Eastern & Central Community Trust
Statement of Financial Position
As at 31 March, 2016

	Actual	Last Year
Trust Funds		
Surplus Income	1,066,244	14,085,026
General Reserves	162,332,729	148,247,703
Total Trust Funds	**163,398,973**	**162,332,729**
Current Assets		
Petty Cash	66	5
Current	252,196	387,548
Imprest	1,050	661
Call	487,745	883,957
Conference Current 2016	22,752	15,826
Sundry Debtors	25,093	34,538
Total Current Assets	788,902	1,322,535
Investment Assets		
New Zealand		
Shares Forsyth Barr	55,320,573	52,227,000
Shares Elevation Capital	47,088,886	48,266,473
Hedging Contracts NZ	178,217	804,112
Cash Self Term Deposits	6,000,000	5,500,000
Bonds Self	36,960,191	40,123,905
Te Kete Putea Ltd Partnership	54,394	72,525
Private Equity Pioneer Capital	1,115,499	674,547
Total New Zealand Investments	146,717,760	147,668,562
Overseas		
Bonds Pimco	18,486,729	15,493,498
Total Overseas Investments	18,486,729	15,493,498
Total Current and Investment Assets	165,993,391	164,484,595
Fixed Assets		
Fixed Assets at Cost	181,303	188,447
Accumulated Depreciation	(152,495)	(154,986)
Total Fixed Assets	28,808	33,461
Total Assets	166,022,199	164,518,056
Current Liabilities		
Donation Creditors	2,442,550	1,939,042
Trade Creditors	99,226	167,639
Creditor Accruals	81,450	78,646
Total Current Liabilities	2,623,226	2,185,327
Net Assets	**163,398,973**	**162,332,729**

EASTERN & CENTRAL COMMUNITY TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 31 March 2016

	Current Month			Year To Date			Full Year	
Income	Actual	Budget	Last year	Actual	Budget	Last year	Budget	Last Year
Realised Investment Income								
Shares F Barr Interest	2,046	200	8,291	31,168	7,000	16,585	7,000	16,585
Shares F Barr Dividend	156,812	143,750	177,191	1,751,752	1,968,750	1,753,015	1,968,750	1,753,015
Shares E Cap Interest	800	500	5,335	30,327	7,000	55,278	7,000	55,278
Shares E Cap Dividend	190,900	93,750	129,018	1,930,940	1,848,750	1,930,085	1,848,750	1,930,085
Bonds Self Interest	306,719	90,000	313,994	2,370,416	2,400,000	2,538,995	2,400,000	2,538,995
Cash Self Realised Income	17,367	28,000	23,749	244,636	336,000	387,870	336,000	387,870
Sundry Income	0	0	0	220	170	170	170	170
	674,645	356,200	657,577	6,359,459	6,567,670	6,681,998	6,567,670	6,681,998
Overseas								
Shares SSAG Dividend	0	0	0	0	0	7,823	0	7,823
Bonds Pimco Interest	0	0	0	700,336	850,000	999,679	850,000	999,679
	0	0	0	700,336	850,000	1,007,503	850,000	1,007,503
Total Realised Investment Income	674,645	356,200	657,577	7,059,794	7,417,670	7,689,501	7,417,670	7,689,501
Expenses								
Administration Expenses								
Advertising - Statutory	0	0	0	40,646	17,000	13,411	17,000	13,411
Promotion	332	6,000	29,113	26,252	70,000	54,513	70,000	54,513
Rent & Services	8,448	8,000	7,326	106,290	115,000	109,577	115,000	109,577
Telephone	1,325	1,000	1,033	14,528	14,000	14,030	14,000	14,030
Postage	350	200	141	3,493	4,000	3,536	4,000	3,536
KiwiSaver Net Contribitions	1,303	1,400	2,346	16,848	17,000	18,431	17,000	18,431
Printing & Stationery	454	1,300	1,083	10,431	14,000	11,884	14,000	11,884
Insurance	0	0	-856	5,387	6,000	7,851	6,000	7,851
General Expenses	28	120	110	2,927	4,000	4,720	4,000	4,720
Computer Srevices	16,980	3,900	-3,078	89,767	80,000	67,252	80,000	67,252
Staff Remunertion	37,160	43,000	53,737	432,391	450,000	482,611	450,000	482,611
Staff Training	143	1,200	1,150	3,680	8,000	2,034	8,000	2,034
Staff Travel	213	2,000	1,864	20,192	30,000	18,728	30,000	18,728
Acc Levies	0	0	0	1,660	1,500	-544	1,500	-544
	66,737	68,120	93,968	774,492	830,500	808,035	830,500	808,035

	Current Month			Year To Date			Full Year	
	Actual	Budget	Last year	Actual	Budget	Last year	Budget	Last Year
Trustee Expenses								
Trustee Remuneration	13,427	20,500	19,765	171,291	175,000	171,300	175,000	171,300
Meeting Expenses	-3,898	7,000	6,351	52,662	58,000	53,873	58,000	53,873
Trustee Training	0	0	0	1,405	12,000	1,731	12,000	1,731
Liability Insurance	0	0	0	10,034	10,000	9,537	10,000	9,537
	9,529	27,500	26,116	235,392	255,000	236,440	255,000	236,440
Fee Expenses								
Affiliation Fees	0	0	0	6,325	7,500	6,325	7,500	6,325
Conference Fees	0	0	-960	16,719	20,000	-960	20,000	-960
Donation Expenses	2,875	0	2,353	10,669	30,000	24,015	30,000	24,015
Professional Expenses	18,151	6,000	14,080	88,807	90,000	89,841	90,000	89,841
Audit Fees	6,269	0	7,319	20,272	20,000	29,205	20,000	29,205
Custodian Fees	3,619	3,000	8,520	55,690	41,000	49,050	41,000	49,050
Fund Managemant Fees	33,744	25,000	49,906	395,348	370,000	379,101	370,000	379,101
	64,658	34,000	81,218	593,830	578,500	576,577	578,500	576,577
Depreciation	958	1,100	1,056	12,889	13,200	17,289	13,200	17,289
Armortisation	18,131	16,000	18,131	18,131	16,000	18,131	16,000	18,131
Profit/Loss on Disposal of Fixed Assets	0	0	248	147	0	248	0	248
	19,089	17,100	19,435	31,167	29,200	35,668	29,200	35,668
Total Operating Expenses	160,012	146,720	220,738	1,634,880	1,693,200	1,656,721	1,693,200	1,656,721
Net Disposable Investment Income	514,633	209,480	436,839	5,424,914	5,724,470	6,032,780	5,724,470 0	6,032,780
Donations								
Community Donations								
Special Donations	411,000	324,000	446,399	2,978,600	2,970,000	2,607,349	2,970,000	2,607,349
Standard Donations	199,350	270,000	206,080	1,883,910	1,900,000	2,040,973	1,900,000	2,040,973
Discretionary Donations	0	0	0	0	20,000	25,143	20,000	25,143
Education Initiatives	0	20,000	0	93,500	200,000	92,500	200,000	92,500
Sports Trusts	0	0	0	340,000	340,000	320,000	340,000	320,000
Summer Reading Programme	0	0	0	250,000	250,000	230,000	250,000	230,000
	610,350	614,000	652,479	5,546,010	5,680,000	5,315,965	5,680,000	5,315,965

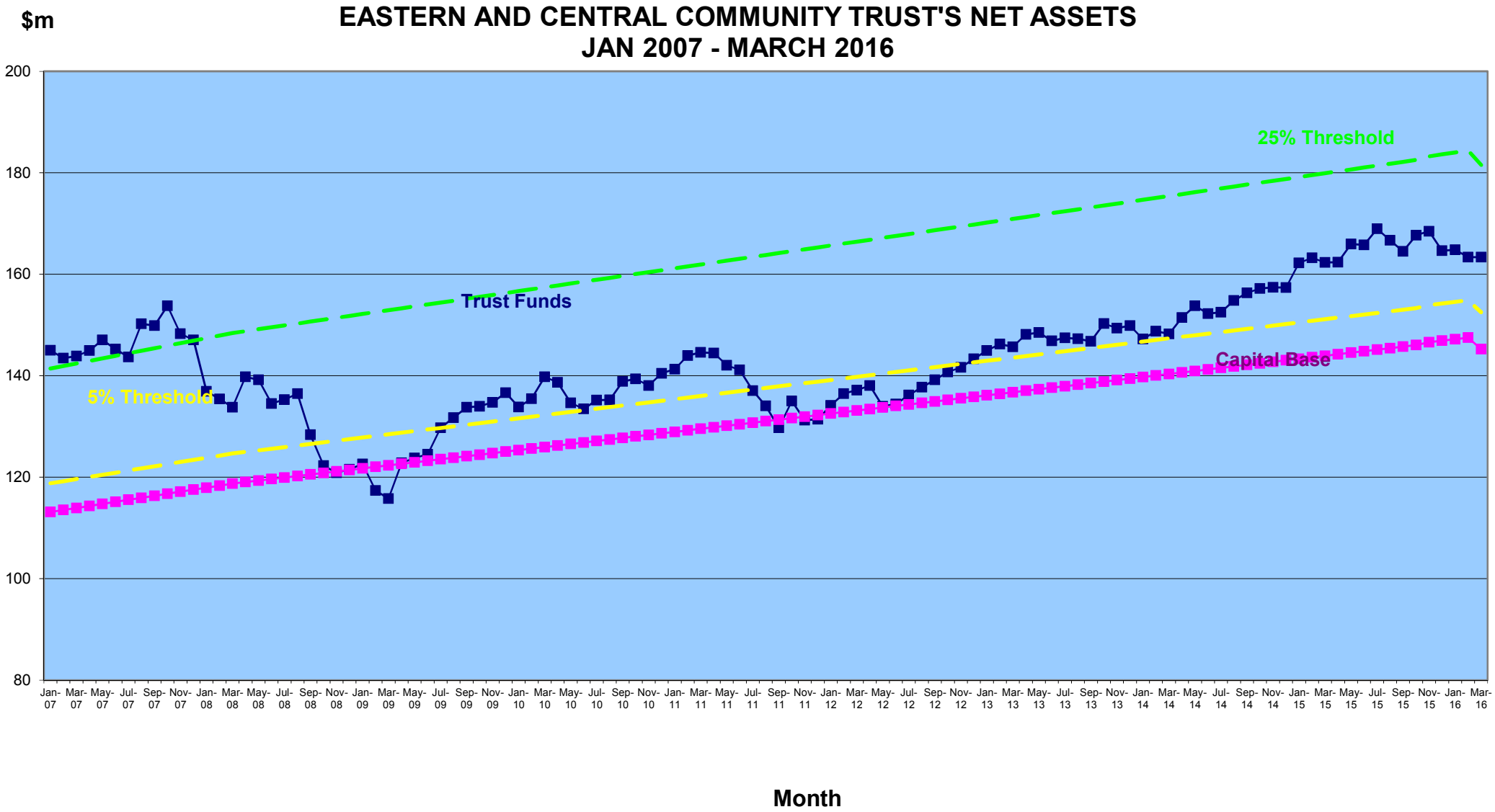
	Current Month			Year To Date			Full Year	
	Actual	Budget	Last year	Actual	Budget	Last year	Budget	Last Year
Regional Project Reserve Fund	0	0	0	0	0	0	0	0
Less Donation Written Back	0	0	0	-352,808	0	-148,424	0	-148,424
	610,350 0	614,000 0	652,479	5,193,202	5,680,000	5,167,541	5,680,000	5,167,541
Surplus From Investment Income After D	-95,717	-404,520	-215,640	231,712	44,470	865,239	44,470	865,239
Realised Non Investment Income/Expenditure								
New Zealand								
Shares F Barr Disposal Gain/Loss	0	0	0	0	0	0	0	0
Shares E Cap Disposal Gain/Loss	0	0	0	0	0	0	0	0
Property NZ Disposal Gain/Loss	0	0	0	0	0	0	0	0
Brokerage Fees	-46,620	0	-6,632	-321,262	-25,000	-57,894	-25,000	-57,894
Hedging Gain/Loss	-604,668	0	374,225	-2,467,071	0	-323,160	0	-323,160
Donds Disposal Gain/Loss	0	0	0	0	0	-2,079	0	-2,079
	-651,288	0	367,593	-2,788,333	-25,000	-383,134	-25,000	-383,134
Unrealised Investment Income								
New Zealand								
Shares F Barr Change in Currency	-632,232	0	-310,074	4,371,624	0	1,606,016	0	1,606,016
Shares F Barr Change in Value	1,326,651	0	6,597	-999,699	0	6,488,180	0	6,488,180
Shares E Cap Change in Currency	-1,122,675	0	-343,317	3,472,292	0	2,248,373	0	2,248,373
Shares E Cap Change in Value	2,011,196	0	-483,421	-2,749,695	0	2,457,131	0	2,457,131
Hedging Change in Value	1,020,104	0	-3,290	-625,895	0	-548,878	0	-548,878
Bonds Self Change in Interest	-148,525	0	-73,547	-20,611	0	676,872	0	676,872
Bonds Self Change in Value	173,722	0	23,045	123,981	0	208,884	0	208,884
	2,628,242	0	-1,184,007	3,571,996	0	13,136,577	0	13,136,577
Overseas								
Bonds Pimco Change in Value	488,652	0	129,995	50,869	0	466,343	0	466,343
	488,652	0	129,995	50,869	0	466,343		466,343
	2,465,605	0	-686,420	834,532	-25,000	13,219,787	-25,000	13,219,787
	2,369,888	-404,520	-902,060	1,066,244	19,470	14,085,026	19,470	14,085,026

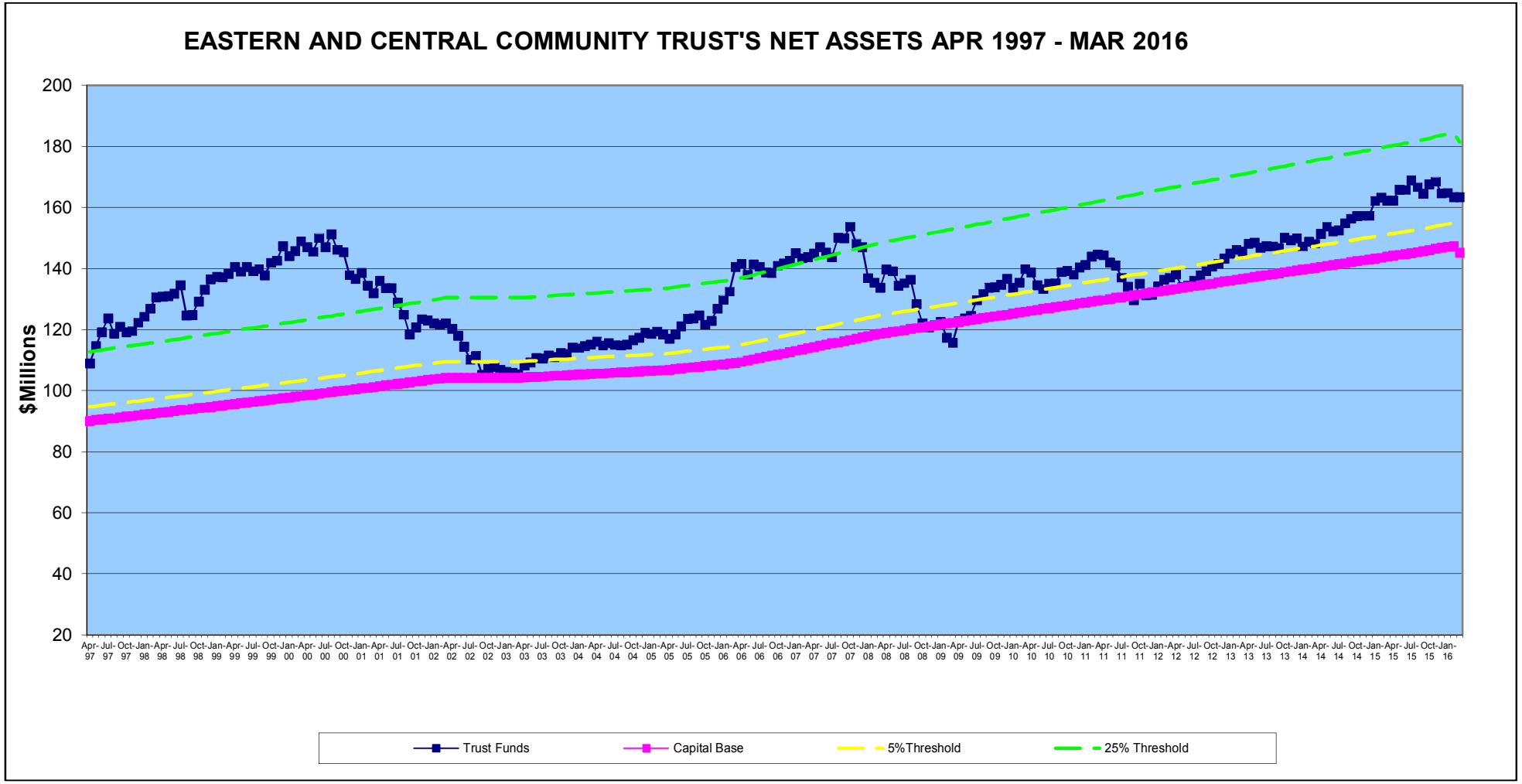
Committment Schedule 31 March 2016

Client Number	Client Name	Request Number	Date Approved	Balance Remaining
Eastern And Central				
7,038	Te Whare Whai Matauranga o Turanga Literacy House Tı	23333	23-Jan-14	4,000.00
1,826	Pahiatua Railcar Society Inc	23338	23-Jan-14	20,000.00
6,296	Matapuna Trust	23515	22-May-14	20,000.00
5,593	Marotiri Kohango Reo	23553	22-May-14	3,500.00
6,099	Taokotaianga Apii Kuki Airani Hastings Inc	23601	22-May-14	3,500.00
7,339	Parent Teachers Association Feilding High School	23763	24-Jul-14	1,000.00
1,377	Eskdale School	23685	25-Sep-14	49,000.00
297	South City Playcentre	23844	25-Sep-14	3,500.00
1,126	Waimarama Surf Life Saving Club	23777	27-Nov-14	30,000.00
7,576	Cross Creek Railway Society Incorporated	23802	27-Nov-14	15,000.00
6,512	Hawke's Bay Regional Sports Park Trust	23986	27-Nov-14	60,000.00
4,321	South Wairarapa District Council	24151	26-Mar-15	200,000.00
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
818	Palmerston Nth Boys' High School	24227	28-May-15	30,000.00
7,672	Study to Succeed - Tongan Homework Club	24248	28-May-15	3,000.00
3,361	Vintage Car Club - Horowhenua Branch	24251	28-May-15	2,000.00
1,828	Pahiatua School	24282	28-May-15	5,000.00
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
4,061	Wairoa District Heritage and Museum Trust	24558	24-Sep-15	20,000.00
6,012	Sustaining Hawke's Bay Trust	24562	24-Sep-15	15,000.00
6,383	Horizons Regional Council	24563	24-Sep-15	20,000.00
5,902	Martinborough Lawn Tennis Club	24573	24-Sep-15	35,000.00
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
4,997	Whiti Te Ra Marae Maori Reservation	24509	26-Nov-15	3,100.00
7,729	Wildbase Recovery Community Trust	24545	26-Nov-15	250,000.00
6,906	Hospice Wairarapa Community Trust Board	24550	26-Nov-15	40,000.00
1,093	The Salvation Army New Zealand Trust	24560	26-Nov-15	80,000.00
2,662	Central Hawke's Bay Agricultural & Pastoral Society	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
703	Scout Association - Milson Scout Group	24655	26-Nov-15	3,500.00
6,952	EnsembleImpact Educational Trust	24695	26-Nov-15	2,000.00
4,271	HSOB Sports Club Inc - Gisborne	24697	26-Nov-15	15,000.00
5,711	Gisborne Free Kindergarten Association Inc	24699	26-Nov-15	15,000.00
647	Manawatu Rugby Union Inc	24711	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
7,610	Active Minds Aoteoroa	24724	26-Nov-15	10,000.00
3,191	Manawatu Pony Club Inc	24738	26-Nov-15	4,000.00
7,588	Equippers Napier Trust	24752	26-Nov-15	1,500.00
2,639	Campion College	24764	26-Nov-15	5,000.00
4,750	Gisborne Land Search and Rescue Charitable Trust	24766	26-Nov-15	4,000.00

Client Number	Client Name	Request Number	Date Approved	Balance Remaining
1,182	Whakarongo School	24561	28-Jan-16	20,000.00
6,554	Pahiatua On Track Inc	24640	28-Jan-16	50,000.00
7,628	Menz Shed Napier Trust	24665	28-Jan-16	20,000.00
5,476	Horowhenua Kapiti Cricket Association Inc	24768	28-Jan-16	18,000.00
2,246	Tamatea Primary School	24793	28-Jan-16	10,000.00
1,650	Alzheimers Society Napier Inc	24794	28-Jan-16	17,000.00
6,493	Whatever It Takes Trust Inc	24797	28-Jan-16	8,000.00
2,018	Tararua Aquatic Community Trust	24802	28-Jan-16	10,000.00
7,753	Ashhurst Community Trust	24803	28-Jan-16	30,000.00
5,538	Te Araroa & District Progressive Association	24808	28-Jan-16	2,300.00
827	Palmerston Nth Surf Life Saving Club Inc	24814	28-Jan-16	7,000.00
1,178	Scout Association - Westshore Sea Scout Group	24816	28-Jan-16	4,000.00
168	Bledisloe School	24818	28-Jan-16	5,000.00
5,178	Gisborne District Council	24826	28-Jan-16	180,000.00
5,259	Alan Duff Charitable Foundation	24828	28-Jan-16	3,800.00
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
904	Riversdale Surf Life Saving Club Inc	24713	31-Mar-16	50,000.00
6,419	Haemophilia Foundation of New Zealand	24832	31-Mar-16	4,000.00
4,402	Gliding Hawke's Bay & Waipukurau Inc.	24833	31-Mar-16	4,000.00
6,054	Central Viking Softball Assn Inc.	24834	31-Mar-16	2,700.00
5,114	Fastpitch Softball Corporation	24835	31-Mar-16	2,000.00
4,895	Taki Rua Productions Society Inc	24837	31-Mar-16	4,000.00
4,027	RSPCA - Central Hawke's Bay	24838	31-Mar-16	4,000.00
4,860	Squash Eastern Inc	24839	31-Mar-16	1,400.00
7,798	Eastern Canoe Polo Incorporated	24840	31-Mar-16	350.00
312	FAHS - Feilding High School	24841	31-Mar-16	3,400.00
7,796	Radio Te Wairoa Community Radio Charitable Trust	24844	31-Mar-16	4,000.00
7,276	Woodville Old Folks Assn Inc	24845	31-Mar-16	4,000.00
3,297	Napier Operatic Society Inc	24846	31-Mar-16	30,000.00
4,700	Bowls Wairarapa Inc	24847	31-Mar-16	4,000.00
7,262	Foxton Horse Tram Society Inc	24848	31-Mar-16	3,500.00
3,299	Napier Performing Arts Competitions Society Inc	24849	31-Mar-16	1,500.00
6,389	Hastings Foodbank Trust	24851	31-Mar-16	4,000.00
6,474	Piping and Dancing Assn of NZ Inc - Hawke's Bay	24852	31-Mar-16	1,000.00
5,260	Brain Injury Assn Hawke's Bay Inc	24853	31-Mar-16	4,000.00
118	Age Concern - Napier	24854	31-Mar-16	4,000.00
6,293	Volleyball Hawke's Bay	24855	31-Mar-16	2,200.00
7,745	Hana Konewa, Hine Te Ariki & Taraipine Tutaki Maori Hoc	24856	31-Mar-16	1,400.00
5,590	Rose Gardens Croquet Club Inc	24857	31-Mar-16	1,300.00
6,447	St John's Presbyterian Church - Hastings	24858	31-Mar-16	3,500.00
516	Hearing Association - Hastings	24859	31-Mar-16	4,000.00
529	Heretaunga Women's Centre	24860	31-Mar-16	4,000.00
7,806	Aorangi Restoration Trust	24861	31-Mar-16	18,000.00
477	Havelock North Squash Rackets Club Inc	24862	31-Mar-16	18,000.00
7,802	Schizophrenia Fellowship Wairarapa Branch Incorporatec	24863	31-Mar-16	7,000.00
7,684	Zeal Education Trust	24864	31-Mar-16	15,000.00
4,336	Highland Home Christian Camp	24865	31-Mar-16	1,500.00
7,381	JTD Solutions Limited	24866	31-Mar-16	4,000.00
602	Levin Badminton Club Inc	24867	31-Mar-16	1,000.00
7,808	Macular Degeneration New Zealand	24868	31-Mar-16	4,000.00
2,394	Eskview United Assn Football Club Inc.	24869	31-Mar-16	4,000.00
7,662	New Zealand Pacific Studio Incorporated	24870	31-Mar-16	4,000.00
429	Rape Crisis Gisborne Inc	24871	31-Mar-16	4,000.00
728	Hawke's Bay Parents' Centre Inc	24872	31-Mar-16	3,500.00
4,099	Ice Breaker Aquatics Inc	24873	31-Mar-16	4,000.00
5,435	Wairoa Youth Services Trust	24874	31-Mar-16	4,000.00
464	Hastings Women's Refuge Inc	24875	31-Mar-16	4,000.00
7,810	Fab Lab Masterton Trust	24876	31-Mar-16	5,000.00

Client Number	Client Name	Request Number	Date Approved	Balance Remaining
476	Scout Association - Havelock North Scout Group	24877	31-Mar-16	4,000.00
2,481	Eastland Triathlon and Multisport Club Inc	24878	31-Mar-16	4,000.00
7,818	Paikea Kindergarten	24880	31-Mar-16	10,000.00
7,820	Paul Henare & Paora Winitana Basketball Academy Trus	24881	31-Mar-16	15,000.00
7,732	Technology in Schools Educational Trust	24882	31-Mar-16	4,000.00
7,785	Tikapa Marae	24883	31-Mar-16	17,000.00
7,812	New Zealand Miniature Horse Assn	24885	31-Mar-16	2,500.00
891	Regent Theatre Trust	24886	31-Mar-16	30,000.00
1,456	Gisborne Athletics Club	24887	31-Mar-16	3,000.00
7,811	Hastings High School Old Girls Netball Club Inc	24888	31-Mar-16	1,300.00
7,394	Heart to Heart Parent Infant Classes	24889	31-Mar-16	1,000.00
575	Keirunga Potters	24890	31-Mar-16	2,000.00
1,613	Kowhai Special School	24892	31-Mar-16	4,900.00
6,867	Levin Men's Shed	24893	31-Mar-16	700.00
2,295	Martinborough Rugby Football Club Inc	24894	31-Mar-16	2,500.00
5,217	National Heart Foundation of NZ	24895	31-Mar-16	4,000.00
2,321	Presbyterian Support Services - East Coast	24896	31-Mar-16	3,200.00
3,496	Prisoners Aid and Rehabilitation Society - Manawatu	24898	31-Mar-16	4,000.00
5,039	Takapau Golf Club	24899	31-Mar-16	4,000.00
5,751	Te Manawa Services Charitable Trust	24900	31-Mar-16	4,000.00
7,583	SPCA-Dannevirke	24901	31-Mar-16	4,000.00
7,690	U Turn Trust Board	24902	31-Mar-16	4,000.00
7,016	Wairarapa Show Jumping Group	24903	31-Mar-16	10,000.00
982	Eastland Sports Foundation Education Trust	24904	31-Mar-16	15,000.00
Total for Eastern And Central				**2,442,550.00**
			Report Totals	**2,442,550.00**


$m
EASTERN AND CENTRAL COMMUNITY TRUST'S NET ASSETS
JAN 2007 - MARCH 2016
200
180
160
140
120
100
80
25% Threshold
Trust Funds
5% Threshold
Capital Base
Jan-07 Mar-07 May-07 Jul-07 Sep-07 Nov-07 Jan-08 Mar-08 May-08 Jul-08 Sep-08 Nov-08 Jan-09 Mar-09 May-09 Jul-09 Sep-09 Nov-09 Jan-10 Mar-10 May-10 Jul-10 Sep-10 Nov-10 Jan-11 Mar-11 May-11 Jul-11 Sep-11 Nov-11 Jan-12 Mar-12 May-12 Jul-12 Sep-12 Nov-12 Jan-13 Mar-13 May-13 Jul-13 Sep-13 Nov-13 Jan-14 Mar-14 May-14 Jul-14 Sep-14 Nov-14 Jan-15 Mar-15 May-15 Jul-15 Sep-15 Nov-15 Jan-16 Mar-16
Month


EASTERN AND CENTRAL COMMUNITY TRUST'S NET ASSETS APR 1997 - MAR 2016
$Millions
200
180
160
140
120
100
80
60
40
20
Trust Funds
Capital Base
5%Threshold
25% Threshold

E&CCT ASSET ALLOCATION

AS AT 31st March 2016

CURRENT ASSETS		LIABILITIES		CAPITAL BASE		RESERVES
$165.8m	-	$2.44m	=	$145.23m	+	$18.13m

Benchmark (For Capital Base + maximum 25% in reserves)		Allowable Range	Tactical Target Updated 25th January 2013	Actual Value $m	Percentage of Current Assets	Percentage Variance from target	Variance from tactical target
60%	**GROWTH ASSETS**	**50 - 65%**	**60%**	**$103.5**	**62.4%**	**2.4%**	**$4.0**
30.0%	Shares Forsyth Barr	22.5% - 37.5%	30.0%	$55.3	33.4%	3.4%	$5.6
30.0%	Shares Elevation Capital	22.5% - 37.5%	30.0%	$47.1	28.4%	-1.6%	-$2.7
0%	Private Equity	0% - 0%	0%	$1.1	0.7%	0.7%	$1.1
35%	**INCOME ASSETS**	**25 - 45%**	**35%**	**$55.4**	**33.4%**	**-1.6%**	**-$2.6**
27.5%	NZ Bonds	20 - 35%	27.5%	$37.0	22.3%	-5.2%	-$8.6
7.5%	Overseas Bonds	5% - 10%	7.5%	$18.5	11.1%	3.6%	$6.0
5%	**LIQUID ASSETS**	**2 - 10%**	**5%**	**$6.9**	**4.1%**	**-0.9%**	**-$1.4**
5%	Self-managed Cash (Incl Hedges & TKP)	2 - 10%	5%	$6.9	4.1%	-0.9%	-$1.4
100%	**TOTAL**		**100%**	**$165.8**	**100.0%**		**$0.0**

Benchmark Allocation –The benchmark allocation reflects the long-term views of the asset structures likely to generate the required investment return to meet the primary objectives. The benchmark allocation assumes a hypothetical "neutral environment", i.e. one in which the Trustees do not have a tactical view that one asset class should be favoured over another or that special action should be undertaken.

Allowable Range -These reflect the normal minimum and maximum holdings for an asset class. The ranges exist to allow for normal market movement so that the Trustees can minimise transaction costs and for short-term tactical decisions.

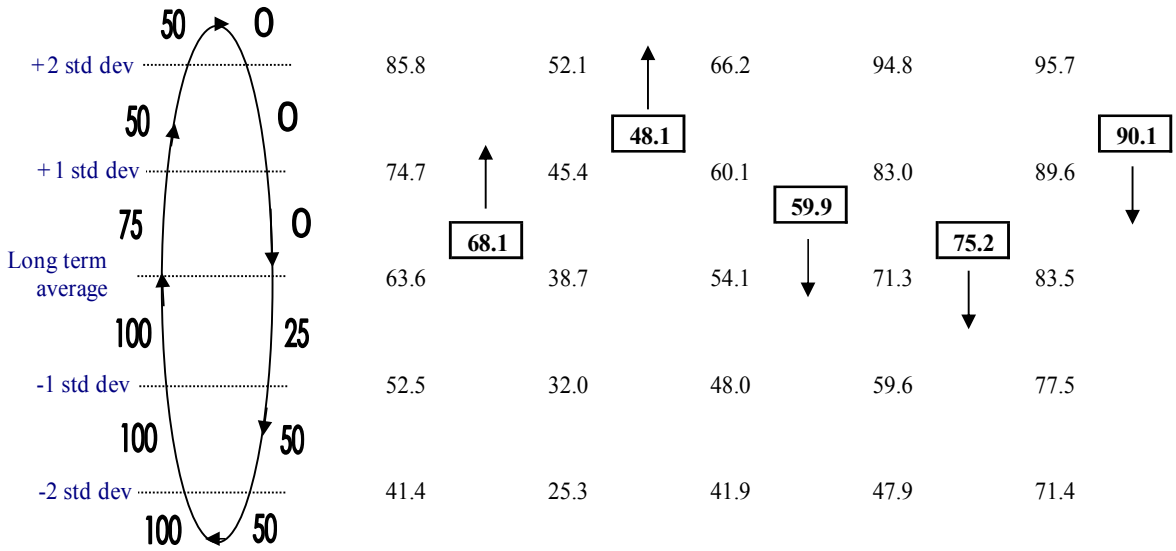
Tactical Target -This allows the Trustees to exercise a tactical view to favour one asset class over another, e.g. more into fixed interest, less into shares in times of high interest rates, while remaining within the "allowable range" for that asset class. Trustees will re-examine the "tactical target" where the variation between the "tactical target" and the Actual situation is plus or minus 5%.

Eastern & Central COMMUNITY TRUST

MCA - actuaries & consultants -

Eastern & Central Community Trust

Equities currency hedging contract position at 6 April 2016



	US$	UK£	Euro	Yen	A$
Current exchange rate	0.6809	0.4810	0.5988	75.23	0.9013
Policy position (from the above graph)	75%	50%	0%	0%	0%
Current position	0%	50%	75%	0%	0%
Exposure as at 31 March 2016					
Forsyth Barr	24.64	2.95	10.29		5.76
Elevation Capital	22.08	5.72	6.83		5.69
Total	46.71	8.67	17.12		11.45
Target cover at 06 Apr 16 ($m)	35.0	4.3	0.0	0.0	0.0
Current contract cover		4.000	14.500		
Strike rate purchased		0.4710	0.6012		
Target minus current contract cover =	35.0	0.3	-14.5	0.0	0.0
Contract surplus (deficit) ($m)	$0.00	$0.09	($0.06)	$0.00	$0.00

Total current contract surplus (deficit) = 27,848.89

Historical hedging actions

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

29 Dec 2015 - 50% hedged to US$, AUD and UKP; 25% hedged to EUR; 0% to Yen; maturity 18 Mar 2016.

30 Sep 2015 - 0% hedged to AUD, Euro, US$, UKP and Yen.

7 Aug 2015 - 50% hedged to Euro and UKP; 0% hedged to US$, AUD and Yen; maturity 6 Nov 2015.

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.

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
Thursday, 31 March 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
CB289368	NZD	14,500,000.00	EUR	8,716,965.00	0.601170	17-Jun-16	0.605797	110,095.01	0.609441
CB289383	NZD	4,000,000.00	GBP	1,883,960.00	0.470990	17-Jun-16	0.479183	68,121.74	0.481089
							Total	**178,216.76**	

PART ONE - E&CCT RISK MANAGEMENT ASSESSMENT FORM

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	INVESTMENTS	refer to "Appendix A - Risk management policy" in the current Statement of Investment Policies and Objectives (SIPO)					Identified as higher risk presently.
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..
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.
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?).	Bonds 100% hedged, equities 50% hedged but fluctuating. Exposure to currency appreciation on approximately NZ$65m to $80m. Currency policy defined in SIPO.
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.
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.
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.
7	Reporting errors in fund manager reports	Medium	Medium	Fund Managers/ General Manager / Financial Advisor	Monitored monthly by Financial Advisor, General Manager & Trustees.	Reconciled each month by General Manager and MCA. Process works well.	Advise fund manager and monitor.
8	Nil donation reserves	Medium	Significant	Trustees	Monitored monthly by Trustees from Monthly Mngmt Report.	Donation reserves under pressure at times (i.e. reserves < 5%)	Cease donations or continue on the premise that investment markets will correct over the long term.
9	Incorrect accounting procedures	Low	Low	General Manager/ Trustees/ Auditor	Monitored monthly. **Full** fund manager reports provided to Trustees on a monthly basis.	Annual sign off by Auditor confirms all is in order.	Interim and full year reviews by Auditor. Correct methodology in creating GL entries.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	DONATIONS	refer to Donations Policy					
10	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.
11	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.
12	Funds not used for the intended purpose	Medium	Significant	Staff/Trustees	Emphasised in approval letter. Accountability audits.	Controls work very well. Some cases have occurred over	Trust to request the return of all, or part of, donation. Stand down period for
13	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.
14	Donation Policy is publicly criticised	Low	Medium	Staff/Trustees	Donation Policy. Register of complaints.	Donation Policy is not made available to the community. Therefore difficult to criticise.	Address at annual donation policy review.
15	Negative donation publicity	Low	Medium	Trustees	Donation Policy. Media person to provide donation publicity on regular basis.	No negative publicity to date.	If warranted, prepare and release a media statement from the Chair.
16	Unable to pay donations	Low	Very significant	Trust Manager /Trustees	Maintain adequate funds in self-managed cash portfolio. NZ Bonds hold available cash if required. Hold reserves.	Added pressure from demand to meet hedging losses. Managed to date but any large FX changes could be challenging.	Ensure sufficient liquid funds to meet obligations. Adjust donation budgets and review asset allocation. Sell overseas equities (gain on FX fall) to meet need of hedges.
17	Donations surpass the two year timeframe to be uplifted or spent	Medium	Low	Staff/Trustees	Monthly check by General Manager on unpaid donations. Reminder letters dispatched.	Well-managed and easily applied.	Advise applicant and write back the donation. Predominantly fund when project is likely to be commenced in the short term.
18	Trustees and/or staff influence the donation process inappropriately	Low	Significant	Staff/Trustees/Chair	Staff recommendations & full Board decision. If declaration of interest Trustee unable to promote or vote on the application	Unlikely that one Trustee or a staff member could sway the majority of the Board.	Ensure the declaration of interest policy is adhere to. Trustees and staff must be above promoting applications. Trustee & staff education/training.
19	Diminishing number of Applications	Low	Medium	Donations Manager/Trustees	Numbers published monthly in Mngmt Report and reported on by Donations Manager.	Numbers being maintained although fall off expected in weak economic conditions.	Proactive advertising. Seek community concerns. Regional promotion. Review advertising. On-line applications.
	GOVERNANCE						
20	Poor Governance	Low	Significant	Chair/Trustees	Trust Deed, Governance Charter & Code of Conduct	Sound policies in place which are reviewed annually.	Additional Training as required.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	ADMINISTRATION						
21	Trustee or staff Fraud (Refer to additional comments under Part Two - Fraud Section)	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
22	Acting outside the Trust Deed	Low	Significant	General Manager /Trustees	All senior staff and Trustees are issued with a Trust Deed. Discussed at training.	Recent Trustees review suggests a refresher course.	Refresher on Trust Deed
23	Trust is negligent as a good "employer"	Low	Significant	General Manager /Trustees	Employment Contracts. Salaries reviewed annually in accordance with national trends. Senior roles assessed by Hay Group periodically.	Staff appraisals and accessibility to General Manager to discuss concerns.	Address employee concerns immediately. Attend relevant employment courses.
24	Trust fails to comply to OSH requirements	Low	Significant	General Manager	Annual Building Health check. Work not dangerous by nature.	Earthquake status of building currently under assessment.	Rectify.
25	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.
26	Unexpected loss of staff member, pandemic etc.	Medium	Very significant	All staff	Insurance cover on the two senior roles upon death. Ensures temporary appointment. Pandemic policy.	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.
27	Inappropriate Expenditure	Low	Low	General Manager	Budget sign off by Board. Budgets set at realistic levels. Budget not adjusted during year.	Over last decade expenditure has always been under budget.	Tighter controls on expenditure. Difficult to cover for "unplanned" expenses e.g. rise in GST, increase in insurance, etc.
28	Loss of records/archives	Low	Very significant	All staff	Security Alarm/Fire alarm	E&CCT lead tenant for security.	Majority of records held in computer files.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	ADMINISTRATION						
29	Inappropriate financial reporting	Low	Significant	Audit & Risk/ Auditor	Auditor sign off & assistance.	E&CCT Annual Accounts rated highly by BDO head office IFRS expert over recent years.	Comparison with Annual reports from the other Community Trusts. Maintain annual review by IFRS expert.
30	Inappropriate marketing	Low	Significant	Donations Manager/ Tracta/ Trustees	Marketing approved by Trustees.	Promotional Strategy review completed in March 2012.	Review the strategy
31	Loss through unauthorised expenditure/budget overrun	Low	Very significant	General Manager	Dual authorisation. Expenses reported against budgets.	To date there has not been a budget overrun on expenses.	No action required.
32	Long term unavailability of staff	Medium	Significant	All remaining staff	Sharing of roles when staff on leave. Working manuals where appropriate. Use the services of an Employment Agency.	With small staff and specialist roles this is difficult to prepare for.	Knowledge of each other's work & work collaboratively. Trialled for periods of up to 11 weeks. 1-3 months notice on contracts. Immediate training required. Staff working manuals developed. Staff back-up determined. Insurance cover exists on managers in case of sudden death.
33	Professional gaps of Trustees.	Low	Medium	Chair	Policies developed. Addressed with DIA by the Chair during appointment round. Ability to co-opt.	E&CCT has been well-served with the professional expertise required over the past. On-going policies established.	Request of Minister at appointments. Training. Seek independent advice. Maintain review process of policies. Annual Planning Reviews.
34	Staff incompetence	Low	Medium	General Manager /Trustees	Annual staff appraisals	A very competent staff.	Train, terminate, replace.
35	Inappropriate Trustee behaviour	Low	Significant	Chair	Code of Conduct Policy. Non-acceptance by fellow Trustees.	Occurs rarely - difficult to address.	Signed "Code of Conduct" by each Trustee on appointment. Encourage a screening process of new appointments (DIA?)
36	Fraud (separate section given to fraud)	Low	Significant	General Manager/Fund Managers/Trustees	Multiple checks & controls.	No evidence to date.	Minimise opportunity & minimise exposure. Audited accounts, custodial responsibility by fund managers. Internal control systems.
37	Health & Safety of Employees	Low	Medium	General Manager	Annual Building Health check. Work not dangerous by nature.	Earthquake status of building currently under assessment.	Evacuation plans. Address problems as notified.
38	Non-Statutory Compliance	Low	Significant	General Manager/Audit & Risk	Listed in Trust Deed. Annual letter to DIA & Minister.	General Manager reports annually to Trustees.	Maintain General Manager's annual report. In addition DIA do monitor.
39	Legislation Compliance	Low	Significant	Audit & Risk Committee/ Trustees	Various Acts.		Trust Deed & Community Trusts Act 1999, Trustees Act, OSH Act, Financial Reporting Act, Employment Act, etc.
40	IRD/DIA or Government interference	Low	Medium	Trustees/Tax Advisor	Chairs Group Meeting with DIA/Minister. Minimal contact with IRD. All records held for min of 7 years.	DIA represents the Minister. Relationship with CTs respectful.	Community Trusts Act. Maintain protocols around applicants' tax status and governance policies. Lobby DIA/Minister.

Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
41	New Chairman and New General manager	Low	Not significant	Trustees/All Staff	Appointment of a new Chair and new General manager exposes the Trust to a lack of institutional knowledge if both leave unexpectedly	Cover and knowledge of ECCT can be provided by experienced Trustees and Staff	No action required.
42	Negative publicity	Low	Significant	Chair/Trustees	Concerns & complaints register. Brand Research 2001. Effectiveness Survey 2005.	The two research documents were both very positive and recorded high satisfaction.	Draft of Grievance Policy prepared.
	IT						
43	General Computer system failure	Medium	Significant	Donations Manager/TKP	Internal back ups stored off-site.	Current procedure provides adequate comfort.	Reconsider the current procedures. Apply Business Continuity Plan.
44	Te Kete Putea (DMS & FMIS failure or budget overruns)	Medium	Significant	Donations 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.

PART TWO - E&CCT FRAUD RISK ASSESSMENT FORM

FINANCIAL REPORTING

Income

45	Not recording Fund Manager or Bank receipts	Low	Significant	General Manager	All transactions are made by direct credit into cheque account & transactions published monthly..	Monthly reconciliation - transparent through Mngmt Report. Annual & Interim Audits.	No action required
46	Not recording applicant cheques	Low	Not significant	General Manager & Admin Officer	All cheques banked into cheque account & transactions published monthly.	Donation Written Back report to Trustees. Annual & Interim Audits.	No action required

Expenses

47	Not entering invoices	Low	Not significant	General Manager & Admin Officer	All invoices are approved by the General Manager and GL codes checked	Monthly check on regular creditor invoices. Annual & Interim Audits.	No action required
48	Incorrect GL coding	Medium	Medium	General Manager & Admin Officer	Check on GL codes at invoice approval by General Manager.	Monthly review of the Financial Performance Statements. Annual & Interim Audits.	No action required
49	Fictitious Vendors	Low	Significant	General Manager & Admin Officer	Check on all invoices by General Manager. Negotiated contract price for reviews.	All creditor payments are listed in Mngmt Report. Contacts for vendors in FMIS.	No action required - Management aware of small list of regular vendors (25).
50	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

Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	CASH TRANSACTIONS						
51	Cash receipts	Low	Not significant	All staff.	There are **no** receipts of cash within the Trust's operations	None required	No action required
52	Petty Cash purchases	Low	Not significant as balance <$200	All staff (cash locked in safe overnight)	Petty Cash reconciled at end of each month. All receipts retained.	Monthly reconciliation and sign off by the General Manager - works well.	No action required
53	Imprest card	Low	Significant but balance kept < $2,000.	All staff (card locked in safe overnight).	All invoices signed off by the General Manager on the day of the expenditure.	Monthly reconciliation of imprest bank balance. Transfers recorded in Mngmt Report.	Only senior managers to use if any sign of misuse. Change PIN.
54	Credit Card	Low	Significant but Limit kept at $5k	General Manager, Donations 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
	EXPENSE CLAIMS						
55	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.
56	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 **two** delegated authorisers	No action required - addressed at new Trustee Training Day annually.
	PAYROLL						
57	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 **two** delegated authorisers. Payroll batches reported in Mgmt Report cash flows.	Only achievable if two collaborate. Two dismissals?

Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	FIXED ASSETS						
58	Theft by employees	Low	Significant	All staff	Majority of assets highly visible and required daily. Asset register.	Asset Register checked annually. Trustees to be advised when assets removed from register.	Inform the Police. Dismissal.
59	Theft by others	Low	Significant	Cleaner and Security on nightly basis, other visitors, burglars.	Portable laptops (2) taken home most evenings. Safe and filing cabinets locked	Asset Register check annually. Security alarm sound and monitored.	Inform the Police. Readdress security measures - continue to ensure the premises are locked each evening.
	DONATIONS						
60	Fictitious applications by staff	Low	Significant	Staff	Deposit slip, financials, legal & tax status etc. Staff recommendation part of process. Sign off by Donations Manager & Trustees	Applications only submitted to the Board once all information is received	Staff dismissal.
61	Collusion between a staff member and a Trustee	Low	Significant	Staff & Trustee	Sign off of application by Trustees at Trust Meeting and two authorised signatories at payment time.	Meeting outcomes checked by three staff members and payment approval by two.	Dismissal of staff member and enforced retirement of Trustee.
62	Collusion between two staff members	Low	Significant	Two staff members	Sign off of application by Trustees at Trust Meeting and two authorised signatories at payment time.	Meeting outcomes checked by three staff members and payment approval by two.	Dismissal of staff members involved.

CHANGES SINCE LAST REVIEW

The following changes have been made since the last review and are colour coded in **red:**

NIL Changes Have been made

DATE OF CHANGE **DATE OF REVIEW**

18th April 2016 - A & R Committee

Last Board Review - Board Meeting: 24th Sept 2015

Last updated and approved by Board: 24th Sept 2015

J:Policy>RiskManagementAssessment