

THE NEW ZEALAND SOCIETY FOR
EARTHQUAKE ENGINEERING INC

PERFORMANCE REPORT
30 SEPTEMBER 2021

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC

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THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC

DIRECTORY

President	Helen Ferner
Immediate Past President	David Whittaker
Management Committee	Geoff Rodgers (President Elect) Julia Becker Pathmanathan Brabhaharan Patrick Cummuskey Bruce Curtain Charles Clifton Ken Elwood Tony Holden Merrick Taylor Andrew Thompson SR Uma Rajesh Dhakal (Bulletin Editor) Lauren Mulcahy (Executive Officer)
Auditors	Grant Thornton New Zealand Audit Limited
Bankers	Westpac
Business Address	New Zealand Society for Earthquake Engineering P O Box 2193 Wellington New Zealand

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
ENTITY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The New Zealand Society for Earthquake Engineering Inc. (the Society) is an incorporated society registered under the Incorporated Societies Act 1908. It is also a registered charity.

The Society operates for the objective of advancing the science and the practice of earthquake engineering across all disciplines within New Zealand and overseas, through interchange of knowledge, ideas, results of research and practical experience.

Engineers, scientists, architects, insurers, contractors, and all those who have an interest in earthquakes and their effects are eligible for membership. The membership year is 1 October to 30 September.

Admission to membership of the Society is subject to the approval of the Management Committee. Annual membership fees include a subscription to the Society's quarterly bulletin.

The Society's main sources of income are member subscriptions, bulletin sponsorship, and annual conference sponsorship and registrations.

The Society is a collaborating technical group of the Engineering New Zealand (ENZ). ENZ provides accounting and administrative services to the Society for a fee.

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Outcome: The production and distribution of technical papers on aspects of earthquake engineering research and practice.

Outputs

- *Quarterly Bulletin*

The Society managed the publication, printing and distribution of the quarterly Society bulletin for March, June, September and December. The Bulletin contains submitted technical papers on aspects of earthquake engineering research and practice.

- *Technical Guidelines*

The Society supported various study groups that produced technical guidelines for publication by the Society. Four publications are currently available from the Society's website on seismic isolation, earthquake risk buildings, seismic design of storage tanks and architectural design for earthquakes.

The Society also publishes technical advisories for engineers periodically as required. In 2021 the Society published an advisory for engineers on hollow-core floors for new buildings, for assessments and for retrofit in conjunction with the Structural Engineering Society New Zealand Inc and Engineering New Zealand.

Outcome: Improving technical knowledge through information sharing and learning.

Outputs

- *Technical Study Groups*

Currently the Society has projects of interest in various stages of development, some of which are being developed in conjunction with organisations such as Ministry of Business Innovation & Employment, Earthquake Commission, Structural Engineering Society New Zealand Inc, and New Zealand Geotechnical Society Inc. Current studies include the following:

- The Seismic Assessment of Existing Buildings.
- Low Damage Design
- Resilient Buildings Project

- *Annual Conference*

The 2021 NZSEE Technical Conference was held in Christchurch over 3 days from 14 to 16 April at Canterbury University with 415 attendees, notwithstanding that attendance was limited to those living in New Zealand due to the current covid restrictions. With a conference theme of "The Christchurch Earthquake 10th Anniversary: Turning Challenges into Positive Legacies the attendees explored lessons learnt from the recent earthquakes, and the resulting research and how all this new information can be incorporated into design practice going forward. The Conference proceedings were published online, and various scholarships and awards awarded.

As part of the 2021 conference the inaugural design competition was held where teams of engineering students and young professionals competed to test model buildings they had created on a shaketable modelling earthquake shaking. An activity designed to engage and challenge younger members.

- *Advocacy*

The Society advocates to Central and Local Government on earthquake engineering issues. The Society made submissions on the governmental discussion document “ Infrastructure for a better future” and to MBIE on proposals for the occupational regulation of engineers, our recommendations for the seismic risk working group work programme going forward, the updating of the hazard values for earthquake geotechnical engineering and our recommendations for the monitoring and maintenance of the existing building assessment guidelines. The Society is also represented on a number of MBIE led working groups, including:

- CAP (formerly the BCTRAG)
- Engineering NZ Programme Challenge Group
- And various Standards NZ committees.

The Resilient Buildings Project, initiated by the Society in December 2019 which aims to rethink the philosophy of Earthquake Engineering based on learnings from the recent earthquakes to better align with societal expectations has continued with a further \$206,00 contract from EQC. Research on societal expectations for seismic performance of buildings has been completed as part of this project and is expected to be published in 2022.

Outcome: Utilise grants received to investigate the effects of earthquakes and disseminate the learnings back to scientists and engineers in New Zealand.

Outputs

- *Learning from Earthquake missions*

This Society monitors earthquakes around the world and from time to time sends groups of specialists to learn from particular earthquake events. During the current period, several significant international earthquakes have occurred in Indonesia, Japan, China, Pakistan, Mexico and Peru. The effects of these events have been followed but no actual visits have as yet been undertaken, in part due to international travel restrictions.

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Notes	2021 \$	2020 \$
Revenue		
Membership Subscriptions	111,074	107,874
Bulletin Revenue	51,633	52,522
Conference Income	415,313	15,000
Building Resilient Contract	147,101	49,000
Awards Sponsorship	20,000	-
Sundry	1,000	20,022
Interest Income	3,253	5,631
Total Revenue	749,374	250,049
Expenditure		
Bulletin Expenses	73,165	75,421
Audit Fees	4,934	7,210
Administration Expenses	64,305	71,759
Conference Expenses	256,110	46,615
Seminar Expenses	259	-
Building Resilient Consultancy	147,101	49,000
Awards	39,141	37,000
Other Expenses	867	2,677
Total Expenditure	585,882	289,682
Net Operating Surplus	163,493	(39,633)

The accompanying notes form part of and should be read in conjunction with this performance report.

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Bank Accounts & Cash	6	101,891	111,064
Investments	7	310,000	240,000
Receivables and Prepayments	8	175,778	1,396
Interest Receivable		843	312
Total Current Assets		588,512	352,772
Non-Current Investments	7	-	-
Total Assets		588,512	352,772
LIABILITIES			
Current Liabilities			
Accounts Payable & Accrued Expenses		50,669	26,321
Building Resilient-Income in Advance		67,899	20,000
Total Current Liabilities		118,568	46,321
NET ASSETS		469,944	306,451
Represented by:			
Accumulated Funds		469,944	306,451
TOTAL EQUITY	9	469,944	306,451

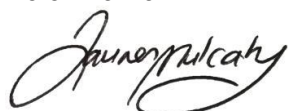
For and on behalf of the Society



President
Helen Ferner

27/01/22

Date



Executive Officer
Lauren Mulcahy

26/01/22

Date

The accompanying notes form part of and should be read in conjunction with this performance report.

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Membership Subscriptions		111,074	107,053
Bulletin, Conference & Seminar Revenue		292,564	79,665
Contract Services		147,102	69,000
Sundry Income		21,000	20,000
Interest		2,722	6,464
		<u>574,462</u>	<u>282,182</u>
Cash was disbursed to:			
Service Delivery Payments		(513,635)	(267,346)
Net Cash Flow from Operating Activities		<u>60,827</u>	<u>14,836</u>
Cash Flows to/from Investing Activities			
Movements in term investment		<u>(70,000)</u>	<u>20,000</u>
Net Increase/(Decrease) in Cash		<u>(9,173)</u>	<u>34,836</u>
Add opening cash brought forward		<u>111,064</u>	<u>76,228</u>
Closing cash carried forward		<u>101,891</u>	<u>111,064</u>
Represented by:			
Bank Accounts & Cash		<u>101,891</u>	<u>111,064</u>

The accompanying notes form part of and should be read in conjunction with this performance report.

THE NEW ZEALAND SOCIETY FOR EARTHQUAKE ENGINEERING INC
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. STATEMENT OF ACCOUNTING POLICIES

a. Basis of Preparation

The New Zealand Society for Earthquake Engineering Inc. has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of less than \$2,000,000 for the last two annual reporting periods.

All transactions are reported using the accrual basis of accounting.

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

This performance report is presented in New Zealand dollars.

b. Revenue

Annual membership subscription fees are invoiced by ENZ in October for period 1 October 20 to 30 September 21, and recognised when received. Bulletin revenue includes sponsorship from Earthquake Commission (EQC) and subscriptions to the quarterly publication are recorded as revenue evenly over the subscription period, 1 January to 31 December. Conference and seminar income includes EQC sponsorship and registrations and are recorded as revenue when the event takes place. Interest income is recognised on an accruals basis.

(i) Building Resilient

Contract revenue is recognised when services are provided or by reference to the stage of completion at the reporting date. The stage of completion is assessed by an estimate of work performed in proportion to total contractually agreed services.

c. Goods & Services Tax (GST)

The Society is registered for GST. All amounts are recorded exclusive of GST, except for Receivables and Accounts Payable which are stated inclusive of GST.

d. Income Tax

New Zealand Society for Earthquake Engineering Inc. is a charitable organisation and is not subject to income tax.

e. Bank and Cash

Bank and Cash in the Statement of Cash Flows comprise cash balances and bank balances with original maturities of 90 days or less.

f. Receivables

Debtors are carried at estimated realisable value after providing against debts where collection is doubtful.

g. Changes in Accounting Policies

There have been no changes in accounting policies during the annual reporting period.

2. CONTINGENT LIABILITIES

The New Zealand Society for Earthquake Engineering Inc. had no contingent liabilities as at reporting date (2020: Nil).

3. COMMITMENTS

The New Zealand Society for Earthquake Engineering Inc. had no commitments as at reporting date (2020: Nil).

4. RELATED PARTY TRANSACTIONS

Engineering New Zealand provides accounting and administration services to The New Zealand Society for Earthquake Engineering Inc. for a fee of \$11,872 (2020: \$11,872). During the course of business operations, members of the Management Committee received fees of \$62,075 (2020: \$71,955).

5. SUBSEQUENT EVENTS

There were no events that occurred after reporting date that would have a material impact on the Performance Report (2020: Nil).

6. BANK ACCOUNTS & CASH

	2021 \$	2020 \$
Westpac Cheque Account	101,891	111,064
ANZ Cheque Account	-	-
	<u>101,891</u>	<u>111,064</u>

7. INVESTMENTS

	2021 \$	2020 \$
Current Term Deposits	310,000	240,000
Non-current Term Deposit	-	-
	<u>310,000</u>	<u>240,000</u>

8. RECEIVABLES & PREPAYMENTS

	2021 \$	2020 \$
Membership and Bulletin subscriptions	25,995	1,396
Prepayments	-	-
Receivable from conference	149,783	-
Goods & Services Tax	-	-
	175,778	1,396

9. TOTAL EQUITY

	2021 \$	2020 \$
General Funds		
Opening Balance	266,451	346,084
Net Surplus	163,493	(39,633)
Transfer to LFE Fund	-	(40,000)
Closing Balance	429,944	266,451
Learning from Earthquakes Fund		
Opening Balance	40,000	-
Learning from Earthquakes Travel	-	-
Transfer from/(to) General Fund	-	40,000
Closing Balance	40,000	40,000
Total Equity	469,944	306,451

10. COVID-19

- a. Whilst conditions were more stable during the current financial year, the COVID-19 crisis is continuing, and we recognise that this brings uncertainty about economic conditions. Due to the inherent uncertainty of the duration and impact of the pandemic it is not practicable to determine the full impact that the pandemic will have on the organisation. We are optimistic about the future and our assessment is that the impact of the pandemic is unlikely to be significant to its operations.

New Zealand Society for Earthquake Engineering Incorporated

Audit findings report to the
Committee Members for the year
ended 30 September 2021



Helen Ferner
President
The New Zealand Society for Earthquake Engineering Incorporated
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Wellington
New Zealand

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23 March 2022

Dear Helen

Audit findings report for the year ended 30 September 2021

We are pleased to advise that our audit of the financial statements of New Zealand Society for Earthquake Engineering Incorporated (the "Society") for the year ended 30 September 2021 is complete. There have been no significant changes to our audit plan and strategy.

We expect to issue an unqualified audit report on the financial statements, subject to the completion of the following outstanding matters detailed on page 3.

We take this opportunity to extend our appreciation to the Committee Members and the finance team of Engineering New Zealand for their assistance and cooperation during the audit.

The report highlights the significant findings arising during our audit, in accordance with the requirements of ISA (NZ) 260 *Communication with Those Charged with Governance*. The report should be read in conjunction with our audit engagement letter and any other formal correspondence addressed to the Committee Members regarding this year's audit.

We strive for a high level of client satisfaction, and our business is built around maintaining high quality and effective, open relationships with our clients. We want to hear feedback from our clients, both positive and negative, to ensure the services we provide exceed expectations. If you receive our Client Voice Engagement Survey, we would appreciate you taking the time to provide your feedback.

We trust that you find this report informative. If you have any queries, or wish to discuss any issues further, do not hesitate to contact me.

Yours faithfully,

Grant Thornton New Zealand Audit Limited



Brent Kennerley

Partner, Audit

T +64 21 475 049

E brent.kennerley@nz.gt.com

Summary of our audit findings

Audit status

We have substantially completed our audit work for the audit of New Zealand Society for Earthquake Engineering Incorporated (the "Society") for the year ended 30 September 2021.

We expect to issue an unqualified audit report subject to the following outstanding matters:

Actions to resolve	Responsibility
Completion of subsequent events procedures to the date of signing the audit report	Management Grant Thornton
Receipt of the signed management representation letter	Management
Receipt of the signed financial statements	Management

Audit adjustments

Uncorrected misstatements identified during our audit work are detailed on page 8.

Control deficiencies and recommendations






During our audit process we may identify recommendations. These include control weaknesses highlighted for our consideration, and opportunities for future efficiencies and strengthening of controls.

Control deficiencies and recommendations identified during our audit are detailed on page 6.

Recommendations	Number
Prior year recommendations	3
Recommendations resolved during the current year	(1)
Current year recommendations	3
Total recommendations	5

Areas of audit focus

The areas of audit focus discussed represent areas we specifically considered during our audit of the Society. The table below summaries our work and conclusions in these areas, with detail of each area provided on subsequent pages.

Areas of audit focus	 Risk *	 Management judgement or estimate	 Audit adjustments	 Control deficiency or recommendation	 Pending matters
Focus area	Risk *	Management judgement or estimate	Audit adjustments	Control deficiency or recommendation	Pending matters
Management override of controls	Significant risk	No	No	No	No

Notes: * Risk refers to Significant risk or Other risk, as defined by International Standard on Auditing (NZ) 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*.
Significant risks are those risks that have a higher risk of material misstatement.

Management override of controls

Summary

Account balance	All
Risk	Significant risk
Amount	N/A
Management judgement or estimate	No

Our understanding

The level of risk of management override of controls may vary from entity to entity, but the risk is always present. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

International Standard on Auditing (NZ) 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* requires us to presume a significant risk of management override of control during our audit procedures.

Our conclusion

During our audit we gained an understanding of management's assessment of the risk and the overall control environment in place, and completed appropriate audit work over accounting estimates, judgements and decisions made by management.

We did not identify any areas of concern to report to the the Committee Members.

Internal control deficiencies and recommendations

Internal controls

We considered internal controls to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Our audit approach focused predominantly on detailed substantive testing rather than relying on the validation of the operation of internal controls due to the nature of the entity, as well as the inherent control limitations. We did obtain an understanding of and evaluate the control environment. Where appropriate we undertook some limited testing of controls.

The purpose of our consideration of internal controls is not to provide assurance over internal controls. Therefore, our consideration of internal controls would not necessarily disclose all matters that a more detailed special examination might reveal.

Below we provide our observations in respect to identified control weaknesses, opportunities for future efficiencies and strengthening of controls identified during the audit, and updates on recommendations provided in prior years.

Control deficiencies and recommendations

Control deficiencies and recommendations identified during our audit are detailed below.

Recommendations	Number
Prior year recommendations	3
Recommendations resolved during the current year	(1)
Current year recommendations	3
Total recommendations	5

Current year recommendations

1. Review of Journals

Issue

Based on our discussion with the client, it is noted that Simmi and Yvonne usually post journals. These are not formally reviewed but are looked by Ben every now and then. Though we note that the FAR and MC do review the financial reports of the business each meeting, but this is preventive control. A formal review will add a detective control in place. There is an issue noted on segregation of duties as no formal approver is noted.

Our recommendation

As a good practice we would recommend the client to add a formal review process in the place.

Management response

Point noted as best practice, however there are many other supplementary controls including review on reconciliations and review of financial statements by the management committee and governance. Overall, there are relatively few manual journals posted.

2. Monitoring of controls

Issue

During our planning we noted that apart from GT AFR report the client does not have any monitoring activities in place for reviewing their current controls. There is no financial policy or a policy in regard to the delegation of duties which might help in this regard.

Our recommendation

As a good practice it is important for the society to implement monitoring activities in place in their daily operations for better practice and control environment.

Management response

Point noted.

3. Unaudited 2021 Financials note in the charity register

Issue

Based on the charities register <https://register.charities.govt.nz/CharitiesRegister/ViewCharity?accountId=8d50646b-8241-dd11-84f2-0015c5f3da29&searchId=68240b58-03d8-49fa-82ee-3b9944bab8a8> we note that unaudited accounts have been published without the audit report.

As per the society rules it is noted that the financials will only be signed by the board after they have been audited. But this rule was not adhered to as the financials were signed before even being sent for audit.

Our recommendation

We would recommend the client to adhere to the society rules set by those charged with governance.

Management response

Due to a change in management, this step was overlooked by the management committee. Once the audited accounts are received, we will contact the charities register to see if they can be replaced.

Unresolved Prior year recommendations

1. GST Filing Basis

Issue

Currently, the Society's GST filings to IRD are prepared on a payment basis for a 6 monthly period. Per IRD guidance, the 6 monthly GST filing basis is inappropriate as total sales were greater than \$500k in the last 12 months.

As the Society has reported total revenues of \$749k for the year ended 30 September 2021, the Society is now entitled to file on a bi-monthly basis.

Our recommendation

The Society should review the GST filing basis to ensure that it complies with IRD requirements and take advice from IRD as appropriate.

Management response

Due to a sharp increase in revenue, the \$500k threshold has just been met during the 2021 financial year. The next GST return is due to be filed at 31 March 2022, from then onwards it will be Bi Monthly.

2. Maintenance of Conflict Register

Issue

Considering the number of people on the management committee, GT would recommend that NZSEE should maintain a conflict register.

Our recommendation

As a good practice we would recommend the client to keep a conflict register for the committee members where this can be updated at each meeting.

Management response

The management committee will discuss the need for a Conflict Register.

Audit adjustments

Uncorrected audit differences

Uncorrected misstatements identified during our audit work are detailed below.

Adjustments	Statement of Financial Position			Statement of Financial Performance	
	Assets (\$)	Liabilities (\$)	Equity (\$)	P&L (\$)	OCI (\$)
DR Audit Fee				1,000	
CR Accrual for Audit Fee		1,000			

To accrue audit fee in line with Letter of Engagement issued by the auditor.

We have discussed the above uncorrected misstatements with management, and are satisfied that both individually and in aggregate, they are not material to the financial statements as a whole.

Uncorrected financial statement disclosures

No material disclosure deficiencies were noted in our audit of the financial statements.

Corrected audit differences

There were no adjusted audit differences noted during the audit.

Corrected financial statement disclosures

There were no material disclosure corrections noted in our audit of the financial statements.

Other matters

Covid-19 pandemic

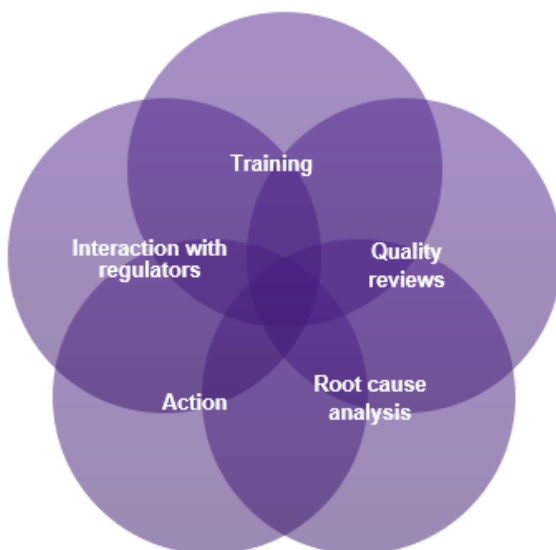
We expect the impact of the current global Covid-19 pandemic on the operations of the Society to be low. However, the pandemic has created economic challenges that might impact the entity in operating as a going concern. During our audit we gained an understanding of any transactions relating to the Covid-19 pandemic, such as the receipt of subsidies and review management's going concern forecast.

No issues were identified during our audit which we consider be brought to the attention of the Society.

Our audit quality

We achieve our goal of a quality audit by ensuring we understand our opportunities for continuous improvement.

Our quality control system



We proactively identify emerging risks and identify opportunities to enhance audit quality and provide insights.

These processes include:

- internal and external monitoring;
- client feedback;
- monitoring of complaints; and
- interaction with regulators.

How we monitor our system of quality control

Annually, we conduct a comprehensive internal inspection program to assess whether our system of quality control is operating effectively.

The thematic findings of our internal inspections for 2021 and the themes identified by the FMA's inspections, are generally consistent.

Financial Markets Authority review

The Financial Markets Authority (the "FMA") completed a review of Grant Thornton in June 2021. There were no material findings that require communication. In their conclusion the FMA noted that Grant Thornton continued with its focus on improving audit quality as a result of outcomes from our previous reviews as well those from CA ANZ and the Auditor-General.

Fraud risk

Fraud risk is the risk that financial statements include undetected material misstatements.

Responsibilities of the Committee Members and management

The Committee Members and management are responsible for the internal control environment of the Society. The internal control system should be developed to prevent or detect material misstatements to the financial statements arising from instances of fraud.

Our responsibilities

The International Standard on Auditing (NZ) 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* sets out that during our audit we are required to:

- identify and assess the risks of material misstatement of the financial statements due to fraud;
- obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- respond appropriately to fraud or suspected fraud identified during the audit.

Our audit









To address the risk of fraud, during our audit we:







- considered conditions present that increase the risk of fraud;
- conducted planning discussions with management regarding the risk or existence of fraud, policies and procedures in place to prevent and detect fraud;
- planned the nature and extent of our audit tests having regard to the risk of fraud, noting revenue recognition is required to be an assumed fraud risk;
- reviewed accounting estimates for management bias;
- evaluated the business rationale for unusual transactions;
- maintained professional scepticism throughout the audit;
- reviewed the appropriateness of journal entries and year-end accounting adjustments;
- evaluated if any identified audit misstatements are indicative of fraud; and
- incorporated unpredictable audit procedures into our audit plan and testing.

From our work performed, we have not been put on notice of any instances of fraud within the Society.

Communications to the Committee Members

Auditing standards require us to communicate several matters (if material) to the Committee Members.

Communication	Status	Response
Auditor's responsibility under Generally Accepted Auditing Standards		<p>We are responsible for the completion of our audit in accordance with the International Standards on Auditing (New Zealand) ("ISAs NZ"), and for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.</p> <p>The ISAs (NZ) do not require us to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.</p> <p>The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Irregularities and illegal acts		We have not become aware of any irregularities or illegal acts during the audit.
Significant risk – management override of controls		There were no significant matters that arose during the audit related to management override of controls.
Non-compliance with laws and regulations		We did not identify any non-compliance with laws and regulations during the audit.
Significant difficulties		No significant difficulties were encountered during the audit.
Accounting practices		We reviewed the appropriateness of the accounting policies, accounting estimates and accounting judgements. We did not note any instances where we considered the accounting practices to be inappropriate.
Related Parties		There were no significant matters for reporting to those charged with governance arising in connection with the entity's related parties.
Going concern		<p>No material uncertainties over going concern were noted.</p> <p>The use of the going concern assumption is appropriate in the preparation and presentation of the financial statements.</p>

Communication	Status	Response
Disagreements with management and scope limitations		We did not have any disagreements with management, and no scope limitations were imposed in regard to completing the audit.
Significant control deficiencies		There were no significant control deficiencies identified during our audit. Other recommendations noted are set out above
Matters affecting governance of the Committee Members		There were no matters to report that arose during the audit, which in our professional judgement, are significant to the oversight of the financial reporting process.
Independence of the auditor		No relationships have been identified between our firm and yourself that, in our professional judgement, may reasonably be thought to impair our independence.
Draft Management Representation Letter		We have not requested any specific representations in addition to those areas covered by our standard representation letter.
Expected modifications to the audit report		No modification of the audit report is required; an unmodified audit report will be issued

Important notice

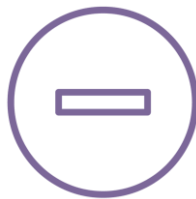


Purpose of this report

This report has been prepared in connection to our audit of the Society's financial statements.

This report has been prepared for those charged with governance, whom we consider to be the Committee Members, to communicate such matters required by the International Standards on Auditing (New Zealand), including ISA 260 (NZ) (Revised) *Communication with those charged with Governance*, and for no other purpose.

This report summarises the key issues identified during the audit but does not repeat matters we have previously communicated to you. In particular, we draw your attention to our audit planning memorandum, which summarised our respective responsibilities, the results of our risk assessment and certain information regarding our audit strategy and audit planning.



Limitations

This report is separate from our audit report and does not provide an additional opinion on the entity's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this report, accordingly it will not necessarily disclose all matters that the Committee Members may be interested in or those that a more detailed special examination might reveal.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.



Restriction on use

This report has been prepared for the Committee Members and management of the Society only. It should not be quoted or referred to, in whole or part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the Society.

This report should be read in conjunction with our audit engagement letter and any other formal correspondence addressed to the Committee Members regarding this year's audit.

