



***Report on controls over Devon Funds Management
Limited's investment management services***

For the period from 1 January 2015 to 31 December 2015

Devon Funds Management's Assertion

We have prepared the accompanying Description of Devon Funds Management Limited's ("Devon") investment management services provided for its retail unit trusts, wholesale unit trusts and wholesale mandate clients and their auditors who have a sufficient understanding to consider the Description, along with other information, including information about controls operated by user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements.

We confirm, to the best of our knowledge and belief, that:

- a. the accompanying Description on pages 4 to 7 fairly represents the investment management services provided by Devon throughout the period 1 January 2015 to 31 December 2015. The criteria used in making this assertion were that the accompanying Description:
 - i. presents how the system was designed and implemented, including:
 - (1) the types of services provided including, as appropriate, classes of transactions processed;
 - (2) the procedures, within both information technology and manual systems, by which those transactions were initiated, recorded, processed, corrected as necessary, and transferred to the reports prepared for user entities of the system;
 - (3) the related accounting records, supporting information, and specific accounts that were used to initiate, record, process, and report transactions; this includes the correction of incorrect information and how information was transferred to the reports prepared for user entities of the system;
 - (4) how the system dealt with significant events and conditions, other than transactions;
 - (5) the process used to prepare reports to user entities of the system;
 - (6) relevant control objectives and controls designed to achieve those objectives;
 - (7) controls that we assumed, in the design of the system, would be implemented by user entities, and which, if necessary to achieve control objectives stated in the accompanying Description, are identified in the Description along with the specific control objectives that cannot be achieved by ourselves alone; and
 - (8) other aspects of our control environment, risk assessment process, information system (including the related business processes) and communication, control activities, and monitoring controls that were relevant to processing and reporting transactions of user entities of the system.
 - ii. the Description includes relevant details of changes to the investment management services during the period 1 January 2015 to 31 December 2015.

- iii. does not omit or distort information relevant to the scope of the services being described, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities of the system and their auditors, and may not, therefore, include every aspect of the system that each individual user entity of the services and its auditor may consider important in its own particular environment.
- b. the controls related to the control objectives stated in the accompanying Description were suitably designed and operated effectively throughout the period 1 January 2015 to 31 December 2015. The criteria used in making this assertion were that:
 - i. the risks that threatened the achievement of the control objectives stated in the Description were identified;
 - ii. the controls identified in the Description would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved; and
 - iii. the controls were consistently applied as designed, including that manual controls were applied by individuals who have the appropriate competence and authority, throughout the period 1 January 2015 to 31 December 2015.



Mel Firmin

Director, Devon Funds Management Limited



30th March 2016

Appserv Limited's Assertion

We have reviewed the accompanying Description of Devon Funds Management Limited's ("Devon" or the "Company") investment management services provided by Devon for its retail unit trusts, wholesale unit trusts and wholesale mandate clients.

Specific to the IT infrastructure services provided by Appserv Limited ("Appserv") and the controls in respect of Restricted Access and Data Retention that Appserv operates on behalf of Devon, we confirm, to the best of our knowledge and belief, that:

- a. the accompanying Description on pages 4 to 7 in respect of IT infrastructure services and the Restricted Access and Data Retention controls that Appserv operates on behalf of Devon, fairly presents internal control systems pertaining to the IT infrastructure services provided by Appserv relevant to Devon's investment management services throughout the period 1 January 2015 to 31 December 2015. The criteria used in making this assertion were that the accompanying Description:
 - i. Presents how the IT infrastructure services was designed and implemented, including:
 - (1) the types of services provided by Appserv to Devon;
 - (2) relevant control objectives pertaining to the controls in respect of Restricted Access and Data Retention operated by Appserv on behalf of Devon and controls designed to achieve those objectives; and
 - (3) other aspects of our control environment, risk assessment process, information system (including the related business processes) and communication, control activities, and monitoring controls that were relevant to the Restricted Access and Data Retention objectives within the IT infrastructure services provided by Appserv to Devon.
 - ii. the Description includes relevant details of changes to the IT infrastructure services provided by Appserv to Devon during the period 1 January 2015 to 31 December 2015.
 - iii. does not omit or distort information relevant to the controls in respect of the Restricted Access and Data Retention that Appserv operates being described, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities of the system and their auditors, and may not, therefore, include every aspect of the system that each individual user entity of the system and its auditor may consider important in its own particular environment.
- b. the controls related to the control objectives specific to the IT infrastructure services provided by Appserv Limited ("Appserv") in respect of Restricted Access and Data Retention that Appserv operates were suitably designed and operated effectively throughout the period 1 January 2015 to 31 December 2015. The criteria used in making this assertion were that the controls were consistently applied as designed, including that manual controls were applied by individuals who have the appropriate competence and authority, throughout the period 1 January 2015 to 31 December 2015.

Graham Clarke
CEO, Appserv Limited

Description of Investment Management Services, Controls and Processes

Background

Devon Funds Management Limited (“Devon”) provides investment management services for its retail unit trusts, wholesale unit trusts and wholesale mandate clients.

The Scope of the Investment Management Services

In its capacity as investment manager, Devon must comply with each customer’s Investment Management Agreement and is responsible for:

- making investment decisions;
- providing regular investment management reports; and
- monitoring portfolio and mandate compliance.

Overview of Company Ownership, Board and Governance

Devon is 100% owned by Devon Funds Group Limited, which a privately owned company with ownership held by senior management who are actively involved in the business.

Devon is governed by a Board of Directors that currently comprises Paul Glass, Brent Impey, Andrew Scott, Mel Firmin, Dani Gardner and Slade Robertson, who have a broad range of legal and investment experience. In addition, Devon has an Audit, Risk & Compliance sub-committee of the Board that is chaired by an independent Director appointed by the Board of Directors.

Risk and Compliance Framework

The Head of Operations & Compliance is responsible for daily operations and risks within Devon’s business. The importance of applying and maintaining appropriate business control processes and procedures are reinforced to staff by Devon’s senior management.

The Devon Compliance Framework consists of the following:

- A Compliance Team that meets to review compliance issues. The Chairman is Andrew Scott.
- A daily compliance report is prepared each day and circulated amongst all staff.
- A daily trades report is prepared by the position keeper each morning and is signed by two members of the Investment Team as well as a member of the Compliance Team.
- A complaints register is maintained by the Operations Team and is disclosed to the Compliance Team.
- An AML exceptions register is maintained by the Operations Team and is disclosed to the Compliance Team.

Description of Investment Management Services, Controls and Processes (continued)

In discharging its obligations under the Investment Management Agreement, Devon utilises a number of key controls, which include:

Authorising and processing transactions

- Major investment issues and decisions are discussed at Investment Committee meetings. All trade decisions are made by the relevant Portfolio Manager with input from the investment analysts.
- All members of the Investment Team are able to place orders on IRESS. This is then authorised by a follow up phone call to the broker, which can only be made by a Portfolio Manager.
- A Daily Trades Report is generated from the system and is reviewed by two Portfolio Managers as well as a member of the Compliance Team prior to authorising the trades for further processing.
- The brokers access the orders from the IRESS IOS order pad but will not action the trade until the authorisation is received from the Portfolio Manager.
- Each day a Daily Trades Report is generated and is input into a cash reconciliation spreadsheet which calculates the cash flow implications of all trades and is then reconciled against the Custodian's Cash Report and reviewed by a member of the Compliance Team.
- Daily monitoring of compliance with mandates is undertaken from the Daily Compliance Report and reviewed by a member of the Compliance Team.
- All portfolio holdings are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.
- Mandate restrictions are input into IRESS which monitors pre and post trade compliance.
- FX is placed through approved FX counterparties only by members of the Investment Team based on information distributed by the Operations team.
- All FX transactions are signed off by two members of the Investment Team and one member of the Compliance Team.
- FX levels are monitored through the Daily portfolio's compliance cover page and through the daily cash reconciliations and are reviewed by a member of the Compliance Team.
- Corporate actions are only processed once approved by an authorised signatory.
- A monthly "Hawkeye Report" is prepared to review for any unusual trading activity. It monitors the number of trades on each day during the month and highlights any buys and sells in the same stock on the same day. The reports are signed off by an Executive Director each month.

Description of Investment Management Services, Controls and Processes (continued)

Asset Valuation

- Devon's asset values, which are obtained from the relevant stock exchange via IRESS, are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.

Approved counterparties

- Each day a Daily Trades Report is generated and trade decisions are authorised by a member of the Compliance Team.
- The Investment Committee maintains a list of approved brokers which is updated periodically.

Restricted access

- Access to Devon's office is restricted by swipe card access.
- Devon's file server data is held offsite on Appserv's premises and is only accessible by authorised Appserv staff. (*Appserv*)
- Information is accessed through individual logins which are password protected contained in Microsoft Active Directory and access is granted to staff in line with their job responsibilities. (*Appserv*)
- Devon's active directory passwords are reset every 42 days. (*Appserv*)
- User access and security levels are determined by Management.
- All access is terminated immediately when an employee ceases employment with Devon.

Data retention

- All file server data and transaction data is backed up daily at a secure location offsite. (*Appserv*)

Compliance

- A complaints register is maintained and any complaints received are reported to management immediately and formally at the monthly Audit, Risk & Compliance Meeting.
- A breach register is maintained and any breaches are reported to management immediately and formally at the monthly Audit, Risk & Compliance Meeting.
- A summary of broker commission is prepared monthly and then distributed to all members of staff and discussed with management.
- Client reports are set up to update automatically with minimal input, reducing the risk of manual error, all returns and statements are reviewed by various members of staff before sending.

Description of Investment Management Services, Controls and Processes (continued)

- All activity must be in compliance with the Devon Compliance Guide. The Compliance Guide is updated annually and all staff members must attest to having read and understood the guide on semi-annual basis.
- Conflicts of interest are monitored through semi-annual declarations from all staff and a Register of Interests for Devon Board members.

This report does not cover services provided by custodians, registrars and administrators. Therefore, no procedures have been performed as part of this report to evaluate the effectiveness of controls exercised by these parties.

IT Platforms

Devon utilises the following systems as part of its investment operations:

- IRESS Order System (“IOS”) – portfolio trading solution
- IRESS Professional – real-time and historical market data system
- IRESS Portfolio System (“IPS”) – portfolio management system
- FactSet – Market data software

In addition to this and for more general IT systems, Devon utilises the Microsoft Office suite.

Devon has outsourced its IT service requirements during the fiscal year to Appserv Limited (“Appserv”). Appserv is experienced and well-resourced with a number of financial services sector clients. As part of this, Devon has implemented industry best practices to protect its network from unauthorised access and malware.

The inclusive method has been used in respect of the services performed by Appserv. Devon's Description of its system includes the control objectives and related control procedures at Appserv for the period 1 January 2015 to 31 December 2015. With respect to data security, Devon utilises Antivirus software provided and maintained by Appserv. The network is also protected at the perimeter by a firewall monitored by Appserv. Windows and application updates are consistently applied as part of Devon's Management Support Agreement with Appserv.

File data (primarily Excel spreadsheets, Word documents, PowerPoint presentations, etc.) is stored on Appserv's systems within Appserv's data centre. Devon's data is protected with an advanced backup solution, which captures the entire system, software and settings as well as data.

The IRESS suite of products are designed and maintained by IRESS in Australia. The IRESS Portfolio System is on a shared hosted server in an offsite data centre and is automatically backed up nightly.

All staff have SecurID tokens to enable remote access to their virtual server and can access Devon folders and IRESS from anywhere and at any time as long as they have an internet connection.



Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness
to the Directors of Devon Funds Management Limited

Scope

In accordance with the terms of the engagement letter dated 9 December 2015, we were engaged to report on Devon Funds Management Limited's ("Devon" or the "Company") and Appserv Limited's ("Appserv") description (the "description") and on the design and operation of controls related to the control objectives stated in the description, internal controls systems pertaining to the investment management services throughout the year ended 31 December 2015.

Devon's Responsibilities

The Company and Appserv are responsible for:

- preparing the description and accompanying assertion on pages 1 to 7, including the completeness, accuracy and method of presentation of the description and assertion;
- providing the services covered by the description;
- stating the controls objectives; and
- designing, implementing and effectively operating controls to achieve the stated control objectives.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the Company's and Appserv's description and on the design and operation of controls related to the control objectives stated in that description based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3402, "Assurance Reports on Controls at a Service Organisation", issued in New Zealand. That Standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed and operating effectively.

An assurance engagement to report on the description, design and operating effectiveness of controls at a service and subservice organisation involves performing procedures to obtain evidence about the disclosures in the service and subservice organisation's description of their system, and the design and operating effectiveness of controls. The procedures selected depend on the service auditor's judgement, including the assessment of the risks that the description is not fairly presented, and that controls are not suitably designed or operating effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the control objectives stated in the description were achieved. An assurance engagement of this type also includes evaluating the overall presentation of the description, the suitability of the objectives stated therein, and the suitability of the criteria specified by the service and subservice organisation and described in management's assertion on pages 1 and 2.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company and Appserv. Other than in our capacity as service auditors and auditors and tax advisors for Devon we have no relationships with, or interests in, the Company or Appserv. These services have not impaired our independence as auditors providing this assurance report.



Limitations of Controls at a Service Organisation

The Company's and Appserv's description and controls pertaining to the investment management services are prepared to meet the common needs of a broad range of user entities and their auditors and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment.

We have performed no procedures to evaluate the effectiveness of controls at, or as they relate to, individual user entities and no opinion is expressed on them and we have not evaluated the suitability of design or operating effectiveness of complementary user entity controls.

Also, because of their nature, controls at a service organisation may not prevent or detect all errors or omissions in processing or reporting transactions. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls at a service organisation may become inadequate or fail.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in the Company's assertion on pages 1 and 2. In our opinion, in all material respects:

- (a) The description fairly presents the investment management services as designed and implemented throughout the year ended 31 December 2015;
- (b) The controls related to the control objectives stated in the description were suitably designed throughout the year ended 31 December 2015; and
- (c) The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the year ended 31 December 2015.

Description of Tests of Controls

The specific controls tested and the nature, timing and results of those tests are listed on pages 10 to 19.

Use of our Report

This report and the description of tests of controls on pages 10 to 19 are intended only for user entities who have used the Company's investment management services, and their auditors, who have a sufficient understanding to consider it, along with other information including information about controls operated by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements.

We disclaim any assumption of responsibility for any reliance on this assurance report or for the conclusions we have formed to any person other than the Directors of the Company, or for any other purpose other than that for which the assurance report was prepared.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

Chartered Accountants
30 March 2016

Auckland

Internal controls adopted by Devon Funds Management Limited (“Devon”) in relation to its investment management services from 1 January 2015 to 31 December 2015.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
1.	To ensure asset investment transactions are properly authorised, executed and allocated in a timely and accurate manner.	(a)	Major investment issues and decisions are discussed at Investment Committee meetings. All trade decisions are made by the relevant Portfolio Manager with input from the committee.	Inspect that weekly meetings are held for the discussion of trade decisions by obtaining minutes for a sample of weeks’ meetings to evidence decisions are discussed.	No exceptions noted.
		(b)	All members of the Investment Team are able to place orders on IRESS. This is then authorised by a follow up phone call to the broker, which can only be made by a Portfolio Manager.	Confirm through inquiry with a sample of brokers that trades are not placed until phone confirmation is received from a Devon Portfolio Manager.	No exceptions noted.
		(c)	A Daily Trades Report is generated from the system and is reviewed by two Portfolio Managers as well as a member of the Compliance Team prior to authorising the trades for further processing.	Select a sample of Daily Trades Reports and inspect that these are authorised by a member of the Compliance Team in a timely manner before sending to the Investment Team for further processing.	No exceptions noted.
		(d)	The brokers access the orders from the IRESS IOS order pad but will not action the trade until the authorisation is received from the Portfolio Manager.	Confirm through inquiry with a sample of brokers that trades are not placed until phone confirmation is received from a Devon Portfolio Manager.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
1.	To ensure asset investment transactions are properly authorised, executed and allocated in a timely and accurate manner.	(e)	Each day a Daily Trades Report is generated and is input into a cash reconciliation spreadsheet which calculates the cash flow implications of all trades and is then reconciled against the Custodian's Cash Report and reviewed by a member of the Compliance Team.	Select a sample of Daily Trades Reports and Cash Detail Reports and inspect that these are reconciled to the Custodian's Cash Report and reviewed by a member of the Compliance Team in a timely manner.	No exceptions noted.
		(f)	Daily monitoring of compliance with mandates is undertaken from the Daily Portfolio Report and reviewed by a member of the Compliance Team.	Select a sample of Daily Compliance Reports which include the Daily Portfolio Report and inspect that they are reviewed by a member of the Compliance Team in a timely manner.	No exceptions noted.
		(g)	All portfolio holdings are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.	Select a sample of Daily Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory in a timely manner.	No exceptions noted.
		(h)	Mandate restrictions are input into IRESS which monitors pre and post trade compliance and displays a warning if a trade has the potential to put the portfolio in breach of its mandate.	Obtain a sample of investment mandates and agree the investment limits per the mandate to the limits within IRESS. Observe an attempt to conduct an inappropriate trade within IRESS and observe the automatic notification indicating a mandate breach.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
1.	To ensure asset investment transactions are properly authorised, executed and allocated in a timely and accurate manner.	(i)	A Monthly Hawkeye report is prepared to review for any unusual trading activity. It monitors the number of trades on each day during the month and highlights any buys and sells in the same stock on the same day. The reports are signed off by an Executive Director each month.	Select a sample of Monthly Hawkeye reports and inspect that these are reviewed by an authorised signatory.	No exceptions noted.
		(j)	FX is placed through approved FX counterparties only by members of the Investment Team based on information distributed by the Operations team.	Select a sample of Spot and Forward FX transactions and inspect these were carried out only with an approved counterparty.	No exceptions noted.
		(k)	All FX transactions are signed off by two members of the Investment Team and one member of the Compliance Team.	Select a sample of Spot and Forward FX transactions and inspect these were approved by two members of the Investment Team and one member of the Compliance Team in a timely manner.	No exceptions noted.
		(l)	FX levels are monitored through the Daily portfolio's compliance cover page and through the daily cash reconciliations and are reviewed by a member of the Compliance Team.	Select a sample of Daily Compliance Reports and inspect that they included data on FX levels and were reviewed by a member of the Compliance Team.	No exceptions noted.
2.	Ensure transactions are undertaken only with approved counterparties.	(a)	Each day a Daily Trades Report is generated and trade decisions are authorised by a member of the Compliance Team.	Select a sample of Daily Trades Reports and inspect that these are authorised by a member of the Compliance Team.	No exceptions noted.
2.	Ensure transactions are undertaken only with approved counterparties.	(b)	The Investment Committee maintains a list of approved brokers which is updated periodically.	Inspect that IRESS is restricted to a list of brokers approved by the Investment Committee.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
3.	Ensure asset investment and related cash transactions are completely and accurately recorded and settled in a timely manner (Note: Custodian's process all cash transactions and handle all settlements based on instructions from Devon).	(a)	Each day a Daily Trades Report is generated and is input into a cash reconciliation spreadsheet which calculates the cash flow implications of all trades and is then reconciled against the Custodian's Cash Report and reviewed by a member of the Compliance Team.	Select a sample of Daily Trades Reports and Cash Detail Reports and confirm that these are reconciled to the Custodian's Cash Report and reviewed by a member of the Compliance Team in a timely manner.	No exceptions noted.
		(b)	All portfolio holdings are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.	Select a sample of Daily Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory in a timely manner.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
4.	Ensure corporate actions (such as dividends, share buy backs, share purchase plans, rights issues and bonus issues) are identified, with Devon's decisions on these communicated to the Custodian and then processed and recorded accurately.	(a)	Corporate actions are only processed once approved by an authorised signatory.	Select a sample of corporate actions and agree to Custodian confirmations. Inspect the corporate actions are approved by an authorised signatory and were processed before the event expired.	Exceptions were noted in our testing whereby corporate actions were not processed in a timely manner. Although the default option will be selected if not responded to within the specified timeframe, we recommend to management that these be further monitored to ensure the investment strategy of Devon is adhered to. Management's response: Steps have been implemented to firm up the process to ensure the control is adhered to in a timelier manner.
		(b)	Each day a Daily Trades Report is generated and is input into a cash reconciliation spreadsheet which calculates the cash flow implications of all trades and is then reconciled against the Custodian's Cash Report and reviewed by a member of the Compliance Team.	Select a sample of Daily Trades Reports and Cash Detail Reports and confirm that these are reconciled to the Custodian's Cash Report and reviewed by a member of the Compliance Team.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
4.	Ensure corporate actions (such as dividends, share buy backs, share purchase plans, rights issues and bonus issues) are identified, with Devon's decisions on these communicated to the Custodian and then processed and recorded accurately.	(c)	All portfolio holdings are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.	Select a sample of Daily Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory in a timely manner.	No exceptions noted.
5.	Ensure assets are valued using prices obtained from independent external pricing sources.	(a)	Devon's asset values, which are obtained from the relevant stock exchange via IRESS, are reconciled daily to the Custodian's report with variances investigated. This is then reviewed by an authorised signatory.	Select a sample of Daily Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory.	No exceptions noted.
6.	Ensure physical access to Devon's computer network, equipment, storage media and program documentation is restricted to authorised individuals.	(a)	Access to Devon's office is restricted by swipe card access.	Observe that the Devon office located on level 10, Rabobank building, 2 Commerce Street, Auckland City, is restricted to staff only with valid access cards.	No exceptions noted.
		(b)	Devon's file server data is held offsite on Appserv's premises and is only accessible by authorised Appserv staff.	Observe the server at Appserv's premises and observe that only Appserv employees with security keys have access to the server.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
7.	Ensure logical access to Devon's computer systems, programs, master data, transaction data and parameters that is held on Devon's file/data server, including access by administrators to applications, databases, systems and networks contained on the file/data server, is restricted to authorised individuals via information security tools.	(a)	Information is accessed through individual logins which are password protected contained in Microsoft Active Directory and access is granted to staff in line with their job responsibilities.	Obtain screenshot of system configuration and inspect that the passwords and login details are required for system access, and confirm through inquiry that only Appserv employees have system admin rights.	We identified a member of the Compliance Team was approved to have Super User Access to IRESS allowing them to create and delete accounts within IRESS and potentially undertake unauthorised trading activity. Controls 1b, 1c, and 1d, have been identified as mitigating controls which reduce this risk to an acceptable level. Management's response: We have now amended the super user access rights to a staff member outside of the Investment and Compliance Teams.
		(b)	Devon's active directory passwords are reset every 42 days.	Obtain screenshot of system configuration and inspect that the password age setting was 42 days.	No exceptions noted.
		(c)	User access and security levels are determined by Management.	Confirm through inquiry with management that the user access and security levels of staff members are appropriate. Observe that the management drive is restricted to staff who are not considered management.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
7.	Ensure logical access to Devon's computer systems, programs, master data, transaction data and parameters that is held on Devon's file/data server, including access by administrators to applications, databases, systems and networks contained on the file/data server, is restricted to authorised individuals via information security tools.	(d)	All access is terminated immediately when an employee ceases employment with Devon.	Select a sample of employees who have ceased employment with Devon in the year and observe a screenshot from Appserv indicating the user access is disabled. Confirm through inquiry with management that access to Devon's physical site was terminated for those same employees.	No testing performed given no instance of the control was available to test.
8.	Ensure data and systems are backed up regularly and retained offsite.	(a)	All file server data and transaction data is backed up daily at a secure location offsite.	Select a sample of daily backups and the corresponding checklist from Appserv and inspect that any failures were resolved the same day and the checklist was complete.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
9.	Ensure material matters are reported to Management and/or the Board of Directors in a timely manner and on a regular basis.	(a)	A complaints register is maintained and any complaints received are reported to management immediately and formally at the monthly Audit, Risk & Compliance Meeting.	Inspect that a complaints register is maintained and select a sample of monthly Audit, Risk & Compliance meetings held and inspect that complaints are an agenda point of discussion and communicated in a timely manner.	No exceptions noted.
		(b)	A breach register is maintained and any breaches are reported to management immediately and formally at the monthly Audit, Risk & Compliance Meeting.	Inspect that a breach register is maintained and select a sample of monthly Audit, Risk & Compliance meetings held and inspect that breaches are an agenda point of discussion and communicated in a timely manner.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
9.	Ensure material matters are reported to Management and/or the Board of Directors in a timely manner and on a regular basis.	(c)	A summary of broker commission is prepared monthly and then distributed to all members of staff and discussed with management.	Confirm with management that broker commissions are monitored monthly and sent via email to all office staff. Inquire with a sample of staff that they receive this email on a monthly basis and they are discussed with management. Observe an example email with staff.	Physical evidence of discussion was not present. PwC sighted an example of the monthly broker commission report email however and through inquiry with staff and management we understand discussions did occur. We recommend however that discussions be formally documented and evidenced. Management's response: Devon will include the brokerage report as an agenda point in the monthly Investment Team meetings and the monthly Management meetings.
		(d)	Client reports are set up to update automatically with minimal input, reducing the risk of manual error, all returns and statements are reviewed by various members of staff before sending.	Observe that management use Microsoft office to prepare clients' reports and the data used to populate such reports is input by the program reducing the risk of manual error. Confirm through inquiry that such reports are reviewed by staff before sending to clients.	No exceptions noted.

Control Objective		Control Policies and Procedures		PwC Tests	PwC Findings
9.	Ensure material matters are reported to Management and/or the Board of Directors in a timely manner and on a regular basis.	(e)	All activity must be in compliance with the Devon Compliance Guide. The Compliance Guide is updated annually and all staff members must attest to having read and understood the guide on an annual basis.	Obtain the Compliance Guide and inspect for updates from the prior year. Inspect that all staff members sign an annual declaration.	No exceptions noted.
		(f)	Conflicts of interest are monitored through semi-annual declarations from all staff and a Register of Interests for Devon Board members.	Obtain the Register of Interests and semi-annual declarations for each employee. Inspect that these are updated and relevant.	No exceptions noted.