



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

For the period from 1 January 2016 to 31 December 2016

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 2016 to 31 December 2016. 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 2016 to 31 December 2016.
 - 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 2016 to 31 December 2016. 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;

- 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 2016 to 31 December 2016.



Mel Firmin
Director, Devon Funds Management Limited



appserv

Appserv Limited, 41 Ireland St, Freemans Bay, Auckland 1011
Postal Address - PO Box 47245, Auckland 1144
P: 09 363 1800 | F: 09 376 8614 | www.appserv.co.nz

28 March 2017

Appserv Limited's Assertion

We have reviewed the accompanying Description of Investment Management Services, Controls and Processes, pages 4 to 7 only, ("Description") of Devon Fund Management Limited's ("Devon") pertaining to the information technology services provided by Appserv Limited (Appserv). In all material aspects and based on the criteria stated in the Description provided by Devon pertaining to the information technology services provided by Appserv, we confirm to the best of our knowledge and belief, that:

- a. The following description of the control objectives and control procedures noted by Devon, fairly represent Appserv services provided to Devon throughout the period 1 January 2016 to 31 December 2016;

Control Objective 6

Ensure physical access to the Appserv storage media and program documentation is restricted to authorised individuals.

Control procedures

- Devon's file server data is held offsite on Appserv's premises and is only accessible by authorised Appserv staff.

Control Objective 7

Ensure logical access to Devon's computer systems, programs, master data, transaction data and parameters that is held on the 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.

Control procedures:

- 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.
- Devon's active directory passwords are reset every 42 days.

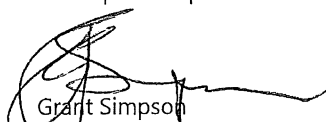
Control Objective 8

Ensure data and systems are backed up regularly and retained offsite.

Control procedures:

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

- b. The control objective and control procedures listed above, as stated in Devon's Description were suitably designed and implemented throughout the specified period 1 January 2016 to 31 December 2016;
- c. The Description includes relevant details of changes, if any, to the IT infrastructure services provided by Appserv to Devon during the period 1 January 2016 to 31 December 2016;
- d. The Description does not omit or distort information relevant to the controls being described above, 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; and
- e. The control objective and control procedures listed above operated effectively between the specified period 1 January 2016 to 31 December 2016.


Grant Simpson
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 and Directors.

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:

- An Audit & 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 Audit & Compliance Team.
- A complaints register is maintained by the Operations Team and is disclosed to the Audit & Compliance Team.
- An AML exceptions register is maintained by the Operations Team and is disclosed to the Audit & 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 Audit, Risk & Compliance Committee 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 Audit, Risk & Compliance Committee.
- Daily monitoring of compliance with mandates is undertaken from the Daily Compliance Report and reviewed by a member of the Audit, Risk & Compliance Committee.
- 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 and displays a warning if a trade has the potential to put the portfolio in breach of its mandate.
- 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 Audit, Risk & Compliance Committee.
- 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 Audit, Risk & Compliance Committee.
- 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 Audit, Risk & Compliance Committee.
- 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.
- An AML exceptions register is maintained by the Operations Team and is disclosed to the Audit, Risk & Compliance Committee.

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 2016 to 31 December 2016. 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 8 December 2016, we were engaged to report on Devon Funds Management Limited's ("Devon" or the "Company") and Appserv Limited's ("Appserv") description of their internal control systems pertaining to the investment management services provided to Devon's clients throughout the year ended 31 December 2016 (the "description") and on the design and operation of controls related to the control objectives stated in the description.

Appserv is an independent service organisation that provides information technology (IT) services to the Company. The Company's description includes a description of Appserv's IT system used by Devon to provide investment management services to its clients, as well as relevant control objectives and controls of Appserv.

While the controls and related control objectives may be informed by Appserv's need to satisfy legal or regulatory requirements, our scope of work and our conclusions do not constitute assurance over compliance with those laws and regulations.

Devon's and Appserv'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.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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 to achieve the related control objectives stated in the description.

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. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. 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 Devon's and Appserv's assertions on pages 1 to 3.



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 auditor and providers of other related assurance services we have no relationship with, or interests in, the Company and Appserv.

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. Our opinion is based on historical information and the projection to future periods of any evaluation of the fairness of the presentation of the description, or the suitability of the design or operating effectiveness of the controls would be inappropriate.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion are those described in the Company's and Appserv's assertions on pages 1 to 3. 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 2016;
- b) The controls related to the control objectives stated in the description were suitably designed throughout the year ended 31 December 2016; 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 2016.

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 18 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, without assuming or accepting any responsibility or liability to customers or their auditors on our part.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

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.

Chartered Accountants
March 29, 2017

Auckland

Internal controls adopted by Devon Funds Management Limited (“Devon”) in relation to its investment management services from 1 January 2016 to 31 December 2016.

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 investment analyst.	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 and observe 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 Audit, Risk & Compliance Committee 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 Audit, Risk & Compliance Committee 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 and observe 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 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. (continued)	(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 Audit, Risk & Compliance Committee.	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 Audit, Risk & Compliance Committee in a timely manner.	Exceptions were noted in our initial testing whereby there were no records of Daily Cash Detail Reports for two selected days. We extended our sample testing of Daily Cash Detail Reports and found no further instances of missing Daily Cash Detail Reports. We noted one instance where there was however no evidence of formal review.
	(f)	Daily monitoring of compliance with mandates is undertaken from the Daily Portfolio Report and reviewed by a member of the Audit, Risk & Compliance Committee.	Select a sample of Daily Compliance Reports which include the Daily Portfolio Report and inspect that they are reviewed by a member of the Audit, Risk & Compliance Committee in a timely manner.	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. (continued)	(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 Holding Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory in a timely manner.	Exceptions were noted in our initial testing whereby there were no records of Daily Holding Reconciliations for two selected days. We extended our testing to review the subsequent days Daily Holding Reconciliations and found that holdings were reconciled and reviewed on that issue on those days.
	(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.
	(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.

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. (continued)	(j)	FX is placed through approved FX counterparties only by members of the Investment Team based on information distributed by the Operations 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 Audit, Risk & Compliance Committee.	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 Audit, Risk & Compliance Committee.		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 Audit, Risk & Compliance Committee in a timely manner.	No exceptions noted.
		(l)			Select a sample of Daily Compliance Reports and inspect that they included data on FX levels and were reviewed by a member of the Audit, Risk & Compliance Committee.	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 Audit, Risk & Compliance Committee.		Select a sample of Daily Trades Reports and inspect that these are authorised by a member of the Audit, Risk & Compliance Committee.	No exceptions noted.
		(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 Audit, Risk & Compliance Committee.	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 Audit, Risk & Compliance Committee in a timely manner.	Exceptions were noted in our initial testing whereby there were no records of Daily Cash Detail Reports for two selected days. We extended our sample testing of Daily Cash Detail Reports and found no further instances of missing Daily Cash Detail Reports. We noted one instance where there was however no evidence of formal review.
		(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 Holdings Reconciliations and inspect that these are reconciled to the Custodian's report and are reviewed by an authorised signatory in a timely manner.	Exceptions were noted in our initial testing whereby there were no records of Daily Holding Reconciliations for two selected days. We extended our testing to review the subsequent days Daily Holding Reconciliations and found that holdings were reconciled and reviewed on that issue on those days.

Control Policies and Procedures			PwC Tests	PwC Findings
Control Objective				
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.	No exceptions noted.
	(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 Audit, Risk & Compliance Committee .	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 Audit, Risk & Compliance Committee .	No exceptions noted.
	(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.

Control Policies and Procedures			PwC Tests	PwC Findings
Control Objective				
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.
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 and 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.	No exceptions noted.
	(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.

Control Policies and Procedures			PwC Tests	PwC Findings
Control Objective				
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. (Continued)	(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.
	(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 employees ceased employment with Devon during the year.
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.
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.

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. (Continued)	(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.
	(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.	No exceptions noted.
	(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 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. (Continued)	(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.
	(g)	An AML exceptions register is maintained by the Operations Team and is disclosed to the Audit, Risk & Compliance Committee.	Inspect that an AML exceptions register is maintained and select a sample of monthly Audit, Risk & Compliance meetings held and inspect that AML exceptions are an agenda point of discussion and communicated in a timely manner.	No exceptions noted.