

# Memo



Early Childhood  
Council

**To:** ECC Members  
**From:** Peter Reynolds, CEO  
**CC:**  
**Date:** 12 August 2019  
**Priority:** For the ECC AGM of 29<sup>th</sup> August 2019  
**Re:** Proposal to Change the ECC Constitution – Requirement for Financial Audit

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The Executive of the ECC have expressed concern that the cost of undertaking an annual audit of the ECC's accounts and practices is climbing and unreasonably high compared to the risk.

Successive audits have been substantially straight forward and without issue. In addition, the requirements for financial reporting for non-government entities have lessened over recent years, with the emphasis on full financial audits relaxing.

As a consequence, the ECC Executive recommends to the membership the removal of the requirement for a full financial audit each year, but retaining the right to require a partial or full audit if a minimum of 25% of members attending an ECC AGM require it. This amended provision continues to provide protection to members' assets and transparency across the Association.

The detailed changes to the ECC Constitution are as follows:

1. Replace Rule 16.1 "The books of the Association shall be audited annually and reported upon by an auditor who shall be a chartered accountant or a firm of chartered accountants appointed by the Annual General Meeting. In the case of death, resignation or incapacity of an individual auditor so appointed, or if no auditor was appointed by the previous Annual General Meeting the Executive shall appoint one"  
with  
"The books of the Association shall be reviewed or audited by a chartered accountant if voted for at an AGM or Special Meeting by at least 10% of members present."
2. Amended Rule 11.1.13 to remove "audit"
3. Amend Rule 12.1.2 to remove "...and the report of the Auditor thereon"
4. Remove Rule 12.1.4 "to appoint an Auditor"
5. Removal of Rule 14.1.4 "To make available to the auditor and to any nominee of the Executive the books and accounting records of the Association, and arrange to obtain the auditor's report on the annual accounts."
6. Amend Rule 18.2 to remove "auditor" in two places.

The ECC Executive proposes these changes to the ECC Membership at the Annual General Meeting of the Association, set down for Thursday 29<sup>th</sup> August 2019 in Wellington, and seeks the members' approval of the proposed changes to take effect from the 2019/2020 financial year.

*The leading body for childcare centre owners and management; supporting and encouraging the provision of quality early childhood education and care services in New Zealand.*