

VERSION 1.0
JUNE 30, 2019



REPORT ON THE INTERNAL CONTROLS
OF UXCHANGE UNIT REGISTRY &
ADMINISTRATION SERVICES

2018-19 FINANCIAL YEAR

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INTRODUCTION

This Type 2 report on internal controls is designed to provide information to be used for financial reporting purposes by clients of uXchange Pty Ltd (ABN 39 610 852 536), their independent auditors and other persons authorised by uXchange Pty Ltd. This report is prepared in accordance with the Australian Standard on Assurance Engagements (ASAE) 3402 *Assurance Reports on Controls at a Service Organisation* and with reference to the guidelines contained in Guidance Statement GS 007 *Audit Implications and the Use of Service Organisations for Investment Services*, issued by the Auditing and Assurance Standards Board (AUASB), in October 2011 (“GS 007” or “the Guidance Statement”).

The report describes those controls that have been designed to achieve each of the prescribed control objectives detailed in GS 007 and are cross referenced by number to the framework specified in GS 007. Information provided within the report focuses on the controls that were in place throughout the period 1 July 2018 to 30 June 2019 related to the Registry and related Information Technology, that are applicable to uXchange Pty Ltd.

ASAE 3402 requires a service organisation to provide a ‘System Description’. The system is designed as those procedures that management designs, implements and documents in providing the registry services. The System Description was prepared according to the guidelines contained in GS 007 and describes those procedures undertaken by uXchange Pty Limited in the delivery of the registry services to Financial Advisors. The description excludes the control objectives and related controls operated by the Financial Advisors and sub service organisations. The service auditor’s report procedures do not extend to the controls operated by Financial Advisors or sub service organisations.

BDO East Coast Partnership’s examination of controls were restricted to the controls specified by uXchange Pty Ltd in the GS 007 Controls Matrix (see pages 12 to 44) and were not extended to controls in effect at clients or other controls which were not documented and tested under each control objective listed in the GS 007 Controls Matrix.

The description of BDO East Coast Partnership’s examination of controls and results of those examination procedures are presented in the GS 007 Controls Matrix of the report and are the responsibility of BDO East Coast Partnership, the service auditor. The description of the control objectives, the related controls, and the complementary user entity controls to achieve the objectives have been specified and are the responsibility of uXchange.

OVERVIEW OF UXCHANGE

uXchange Pty Ltd is a wholly owned subsidiary of Finlancer Holding Pty Ltd (ACN 603 824 835) trading as **WealthO2**. WealthO2 operates on a business to business basis and does not offer its services directly to a retail customer. This means that all our services are facilitated through a licensed financial planner.

uXchange Pty Ltd is the administrator and promoter of an IDPS-like Scheme known as uXchange (ARSN 618 455 673). uXchange Pty Ltd commenced providing unit registry services to uXchange in July 2017 and is conducted as a Corporate Authorised Representative (CAR) of WealthO2 Services Pty Ltd (AFSL: 500032).

WealthO2 also owns MDA Operator Pty Ltd which provides managed account services to other AFSL's. A separate GS 007 report has been prepared covering the Asset Management and Investment Administration services undertaken for MDA Operator Pty Ltd trading as MA Operator.

For the 2018-19 financial year the only channel supported by uXchange was MA Operator. This means that all uXchange investors are also clients of MA Operator. uXchange intends to introduce other channels in the future but until then when the term channel partner is used in this report, we are referring to MA Operator.

WealthO2 is privately owned by its staff and several high net wealth individuals. The company is not aligned to any bank or institution.

GENERAL OVERVIEW OF COMPANY

uXchange Pty Ltd is:

- A registered Australian proprietary company (ACN 610 852 536)
- Corporate Authorised Representative of WealthO2 Services Pty Ltd (AFSL No 500032) (**WealthO2**) - Authorised Representative number 001252548.
- A member of Financial Ombudsman Service (FOS) membership ID – 39990.

SERVICES PROVIDED BY UXCHANGE

uXchange Pty Ltd provides the proprietary web-based administration platform, known as the “uXchange Portal” to deliver the transactional and administration functions for the IDPS-like product known as “uXchange”. The main administration function undertaken by the company is the management of the member registry for uXchange and this is the focus of this assurance audit.

The Product Disclosure Document for uXchange describes the product offer and is available at <https://uxchange.com.au/documents/>.

The GS 007 Guidance Statement has been developed specifically for circumstances where service organisations provide investment management services to user entities. In the guidance statement, paragraph 14 categorises the Investment Management services into six (6) types.

The table following provides a reference guide of the GS 007 categorisations to the services provided by uXchange Pty Ltd.

Service	Service provided by uXchange Pty Limited	Name of WealthO2 subsidiary providing the service
Custody	Not Provided	Not Applicable.
Asset Management	Not Provided	See the separate GS 007 report for the related body corporate - MDA Operator Pty Ltd.
Property Management	Not Provided	Not applicable.
Superannuation Member Administration	Not Provided	A related body corporate - MA Operator is the sponsor and promoter of a retail super option but does not undertake Superannuation Member Administration . MA Operator provides Asset Management and Investment Administration services to the Registrable Superannuation Entity (RSE) of the plan (Diversa) and works closely with the member administrator to manage member investments.
Investment Administration	Not provided	See the separate GS 007 report for a related body corporate - MDA Operator Pty Ltd.
Registry	Yes	uXchange Pty Ltd is the administrator of the IDPS-like scheme known as uXchange.

APPLICABILITY OF REPORT

This report relates only to the uXchange business and the services and technology solutions it makes available to financial advisors and their clients referred to as (**Investors**). This report is intended to provide an understanding of the controls relating to unlisted managed funds traded, held and reported for each Investor’s investment portfolio maintained by uXchange.

The report covers controls over the following areas about accounts managed by uXchange:

- Accepting clients
- Authorising and processing transactions
- Maintaining financial and other records
- Safeguarding assets
- Monitoring compliance
- Monitoring subservice organisations
- Reporting to clients
- Restricting access to systems and data
- Authorising and processing transactions
- Maintaining and developing systems hardware and software
- Recovering from processing interruptions

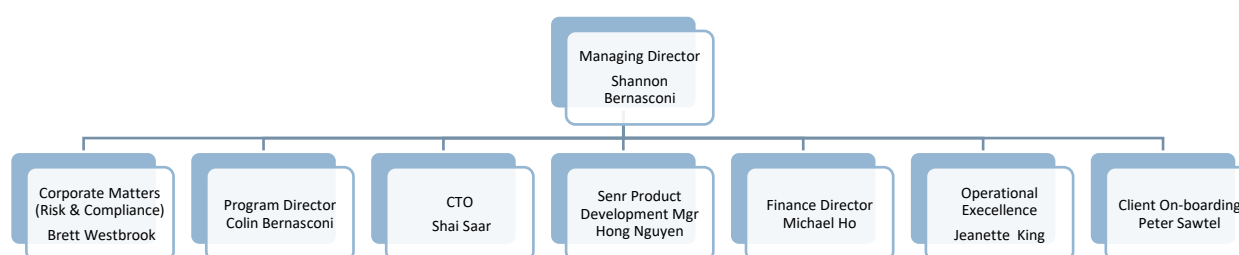
BUSINESS STRUCTURE

ORGANISATIONAL STRUCTURE

uXchange organisational structure provides a framework within which its business activities are planned, executed, controlled and monitored. A significant aspect of the structure is defining key areas of authority and responsibility and establishing appropriate lines of reporting.

ORGANISATIONAL CHART

The organisational chart illustrating the senior management of uXchange as at 30 June 2018 is shown below.



IT SYSTEMS

uXchange receives automated instructions to buy and sell unlisted managed funds from its related body corporate MDA Operator Pty Ltd. For the purposes of the 2018-19 Financial year the only channel used by uXchange to receive buy and sell orders is through its managed account related body corporate MA Operator.

The system used to manage the member register of uXchange is NEO. The application has been purpose built for uXchange by Rudi Engelbrecht and his company TAU Solutions Pty Ltd.

NEO integrates with uXchange, RBC as custodian of uXchange and Macquarie Bank arrangements.

Hosting Arrangements

uXchange utilises a fully hosted, maintained and secure data centre partner in Australia.

Amazon AWS provides uXchange with a complete turn-key disaster recovery protection, with synchronised copies of data being stored at remote locations to facilitate quick up-time in the event of a disaster. Unity Fund Services has robust SLAs in place with AWS to ensure uptime reliability and platform scalability. Development lifecycle uXchange includes:

Environments / Code branches

As part of the end to end deliverables all code rotates through the following environments over the solutions lifecycle:

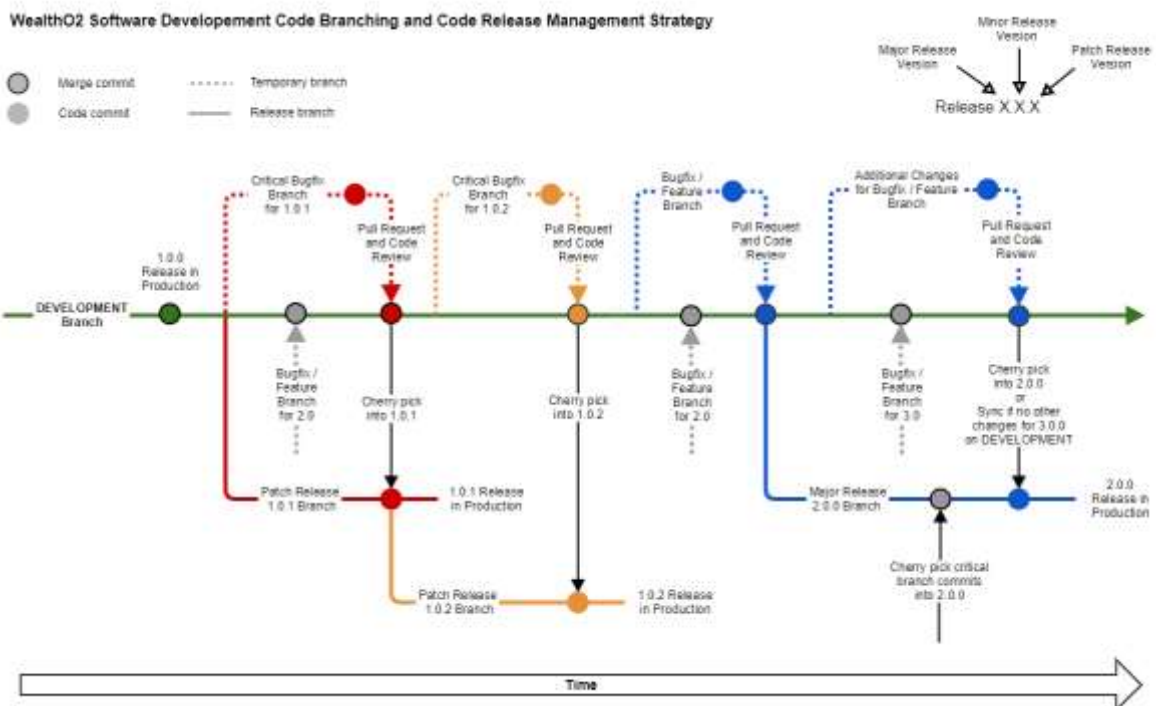
- **Integration (Development)**
 - Represents the development environment for one or more local resources.
 - Pull requests will always be made against this branch to consolidate changes.

- Code reviews will occur on pull requests before merging takes place as an approval process.
- Development testing will occur off this branch in the development region.
- **User Acceptance Testing (UAT)**
 - This is typically a cut of the code which contains all the features we'll be deploying to production on the next release.
 - All bug fixes will be cherrypicked to this code base from the development branch.
- **Pre-Production (Staging)**
 - Represents code that has been signed off in UAT and is ready for deployment to production. Final deployment procedures/tasks will be tested here.
- **Production / Release branch**
 - Represents the production environment/s for all solutions.

Methodologies

Scrum is the chosen agile methodology for new features / projects over the conventional waterfall approach.

- Sprints are typically 2 weeks in length.
- Based on the team's velocity, tasks are chosen from the backlog for an upcoming sprint based on priority.
- Tasks are discussed with the team and assigned to developers.
- New features are developed against the development branch.
- When the development is completed, the code is branched to UAT for testing to begin.
- Any bug found in UAT during testing are fixed against the development branch and cherrypicked to the UAT branch.



REPORT BY DIRECTORS ON INTERNAL CONTROLS

ASSERTION BY UXCHANGE.

We are responsible for the accompanying description that has been prepared for clients who have used uXchange and their auditors who have a sufficient understanding to consider the description, along with other information including information about controls operated by clients themselves, when assessing the risks of material misstatements of clients' financial reports/statements. uXchange Pty Ltd confirms that:

- (a) The accompanying description at pages 12 to 44 fairly presents the administration services undertaken by uXchange is maintaining the member registry system for uXchange throughout the period 1 July 2018 to 30 June 2019. The criteria used in making this assertion were that the accompanying description:
 - (i) Presents how the system was designed and implemented, including:
 - The types of services provided, including, as appropriate, classes of transactions processed.
 - 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 clients.
 - 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 clients.
 - How the system dealt with significant events and conditions, other than transactions.
 - The process used to prepare reports for clients.
 - Relevant control objectives and controls designed to achieve those objectives, including the control objectives for uXchange provided in Guidance Statement 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* except for F8 and F18 control objectives which have been amended or omitted for the reasons set out in the footnotes of Appendix A.
 - Controls that we assumed, in the design of the system, would be implemented by clients, 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.
 - 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 clients' transactions.

- (ii) Includes relevant details of changes to the system during the period 1 July 2018 to 30 June 2019.
 - (iii) Does not omit or distort information relevant to the scope of the system being described, while acknowledging that the description is prepared to meet the common needs of a broad range of clients and their auditors and may not, therefore, include every aspect of the system that each individual client 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 July 2018 to 30 June 2019. The criteria used in making this assertion were that:
- (i) The risks that threatened achievement of the control objectives stated in the description were identified;
 - (ii) The identified controls 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 July 2018 to 30 June 2019.



Signed by Colin Bernasconi
on behalf of the directors of uXchange

Date: 10th September 2019

AUDIT OPINION

GS 007 CONTROLS MATRIX

The following represents the Directors description of control objectives and controls over the Registry and related Information Technology, and the auditor's description of the nature, timing and extent of auditor testing of controls and deviations identified. All controls were in operation for the period from 1 July 2018 to 30 June 2019.

Item 1	Accepting clients
Control objective	New accounts are set up completely and accurately in accordance with client agreements and / or offer documents and any applicable regulations.
Overview	<p>New uXchange accounts are established electronically from the channel partner.</p> <p>Validation of account information is undertaken by the channel partner through the Anti-Money Laundering (AML) / Know Your Customer (KYC) process of the financial advisor and the establishment of the Cash Management Account (CMA) for the client.</p> <p>Account information is transmitted to uXchange to establish the account pending receipt of the signed application.</p> <p>The new account number is confirmed electronically with the channel partner.</p> <p>The signed uXchange application form is returned via DocuSign through the intra-day polling process.</p> <p>As part of application process the investor confirms they have received and read the uXchange PDS (supplied by the Financial Advisor).</p> <p>On receipt of the signed application form the account is opened and activated by uXchange.</p>
GS 007 reference	F1 F2 F3

Control	Test procedures	Result of Tests
1. New uXchange accounts are only established on receipt of request from the channel partner who has conducted the necessary AML/KYC investigation.	For a sample of 14 client accounts, inspected client application documentation and verified that it was consistent with the information recorded in the system.	No exceptions noted.
2. Accounts are only activated once the signed uXchange application form has been received from the client.	Refer to Item 1, Control 1.	No exceptions noted.
3. Channel partner receives confirmation that the investor's account has been activated and is ready for transaction activity.	Refer to Item 1, Control 1.	No exceptions noted.

Item 2	Applications and Redemptions
Control objective	Unitholder applications, redemptions received are checked, sorted and distributed for processing in a timely manner
Overview	<p>All application and redemption instructions for uXchange are created by the channel partner (once validated/approved) and submitted to uXchange electronically.</p> <p>Cash for application instructions are processed by uXchange from each investor linked CMA and credited to the uXchange Application Account. The uXchange application account is cleared to the custodians OMNI account daily via electronic funds transfer.</p> <p>Redemption proceeds processed by the custodian are transferred to the uXchange redemptions account and cleared to each investor linked CMA once the cash is matched with the transaction file.</p> <p>Contract notes are generated and emailed to investors once the custodian has confirmed units and uXchange has verified the unit price.</p>
GS 007 reference	F4 F5 F6 F7

Control	Test procedures	Result of Tests
<p>1. Application and redemption instructions for each Managed Investment Scheme, for each investor, received from the channel partner is loaded into the unit registry system (i.e. NEO) for processing the same business day if received prior to the Custodian cut off (11:00 am each business day).</p>	<p>For a sample of 14 client accounts, inspected validation and approval instructions and processing was operating as intended.</p>	<p>No exceptions noted.</p>
<p>2. CMA available cash for each investor is vetted for applications to ensure instructions can be funded. uXchange will only process a Buy Order if there are enough funds in the CMA.</p> <p>Validated application and redemption instructions (orders) are consolidated by managed fund by NEO.</p> <p>Aggregated orders by managed fund are batched and sent to the custodian by the agreed cut off time each day (usually 11:00 am).</p>	<p>Refer Item 2, Control 1.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>3. Orders sent to the Custodian are flagged as pending until confirmation of the units bought or sold are confirmed by batch. Transaction price is validated against a third-party source before the trade is confirmed in the unit registry system. NEO reconciles the units received against the contract date and the price received from Financial Express</p>	<p>Inspected a sample transaction evidencing the transaction had been appropriately recognized through the reconciliation of the system data to the data feed provided by the broker.</p>	<p>No exceptions noted.</p>
<p>4. Cash to cover application instructions plus transaction fee disclosed in PDS is collected from each investor's linked Macquarie CMA and transferred RTGS to the uXchange application account. uXchange application account is reconciled to the instruction file and transferred to the custodian's cash account each day.</p>	<p>Refer to Item 2, Control 3.</p>	<p>No exceptions noted.</p>
<p>5. Cash amounts credited to the uXchange redemptions control account are reconciled to investor instructions and transferred (less the transaction fee) RTGS to each investor linked Macquarie CMA.</p>	<p>Refer to Item 2, Control 3.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
6. Custodian confirms all transaction details of applications and redemptions processed. uXchange undertakes a daily reconciliation of confirmations.	Inspected a sample transaction evidencing the custodian confirmations were obtained and reconciled.	No exceptions noted.
7. A contract note is automatically issued to channel partner, emailed to client and saved to the client record.	Inspected a sample transaction evidencing contract notes were emailed to the investor and attached to the client record.	No exceptions noted.

Item 3 Distributions	
Control objective	Distribution payments and reinvestments are complete, calculated in accordance with the authorised distribution and processed in a timely manner.
Overview	Custodian (as registered unit holder with each issuer) reconciles distribution payments and reinvestment and: <ul style="list-style-type: none"> a) Prepares distribution transaction file and sends to uXchange; and b) Remits cash payments to the uXchange distribution bank account.
GS 007 reference	F9

Control	Test procedures	Result of Tests
1. uXchange receives and loads distribution transaction file. The transactions are reconciled to cash receipts processed by the Custodian and disaggregated to underlying investor accounts and cash distribution amounts paid to each investor's linked Macquarie CMA.	Inspected a sample transaction evidencing the transaction had been loaded, categorized and reconciled.	No exceptions noted.
2. Reinvestment transactions are disaggregated to underlying investor accounts and reconciled against reported holding by the custodian.	Refer to Item 3, Control 1.	No exceptions noted.

Item 4 Member Account Administration	
Control objective	Accounts are administered in accordance with client agreements. Changes to non-monetary unitholder data (for example, address changes and changes in allocation instructions) are authorised and correctly recorded in a timely basis.
Overview	uXchange is an IDPS-like scheme that is required to operate in accordance with its Product Disclosure Statement (PDS). Investors sign an application which requires the authorised signatory of the entity joining uXchange to attest that they have sighted and read the PDS. The application and PDS forms the basis of a client agreement.
GS 007 reference	F10

Control	Test procedures	Result of Tests
1. Fees to Investors are processed in accordance with those disclosed in the PDS.	By re-performance, confirmed on a sample basis fees were correctly calculated by the system in accordance with the PDS document.	No exceptions noted.

Item 5 Unit Registry	
Control objective	Registrar records accurately reflect shares, units and cash held by third parties. Unit activity is recorded completely, accurately and positions are regularly reconciled.
Overview	Investor holding in each fund maintained by NEO is reconciled regularly to the records maintained by the custodian. Cash clearing accounts held by uXchange are reconciled and cleared at least weekly.
GS 007 reference	F12 F13 F14 F15

Control	Test procedures	Result of Tests
1. Daily investor transactions are batched and reconciled to aggregated transactions held by the custodian. Daily and monthly holding reconciliations are undertaken by the uXchange administrator. Reconciliation differences between NEO and custody records are promptly resolved. Cash clearing accounts reconciled and cleared daily.	Inspected a sample transaction, evidencing the reconciliation process	No exceptions noted.
2. Unit certificates are issued to the registered holder and advisor electronically.	Inspected a sample transaction, evidencing the correct unit certificate was issued to the holder and advisor.	No exceptions noted.

Control	Test procedures	Result of Tests
3. Investor accounts are reconciled to the custodian records at least monthly.	Refer to Item 5, Control 1.	No exceptions noted.
4. All transactions are validated for consistency with unit prices provided by an external data provider and checked within tolerance.	Refer to Item 5, Control 1.	No exceptions noted.
5. Expected dividend payments are accrued in uXchange and by the channel partner from information provided by an external data provider. Actual receipts are reconciled against the accruals.	For a sample dividend payment, inspected the distribution had been accrued within the expected time frame.	No exceptions noted.

Item 6 Service Providers	
Control objective	Appointments of subservice organisations, including those providing registry services, are approved, subservice organisations are properly managed, and their activities are adequately monitored on a timely basis.
Overview	NEO is a subservice organisation to uXchange, and its performance is monitored every day. The records of Neo and uXchange are reconciled daily to ensure both systems reflect the same and correct holdings. There are contractual agreements and service levels on place to ensure the relationship is monitored and managed.
GS 007 reference	F16

Control	Test procedures	Result of Tests
1. Third party service agreements are reviewed and approved by senior management to ensure alignment to business needs.	Inspected a sample of signed contracts between uXchange and its third-party service organizations verifying the agreement was signed by senior management.	No exceptions noted.

Item 7 Client Reporting	
Control objective	Client reporting is complete, accurate and processed within required timescales
Overview	uXchange as an IDPS-like scheme is required to report to Investors each quarter. uXchange also has annual reporting obligations.
GS 007 reference	F17

Control	Test procedures	Result of Tests
1. Quarterly reports prepared in accordance with the Class Order covering IDPS-like schemes are provided to Investors within one month of each quarter.	For a sample of 14 client accounts, inspected the quarterly reports issued to investors.	No exceptions noted.
2. Annual reports prepared in accordance with the Class order covering IDPS-like schemes are provided to investors by the 30 th September each year.	For a sample of 14 client accounts, inspected the September 2018 annual report issued to investors.	No exceptions noted.

Item 8 Information Technology – System Access	
Control objective	Only authorised persons are granted access to WealthO2 systems. The access granted is based on their role and responsibilities within the organisation the user works.
Overview	<p>Physical access to computer networks, equipment, storage media and program documentation is restricted to authorized individuals.</p> <p>Logical access to computer systems, programs, master data, client data, transaction data and parameters, including access by administrators to applications, databases, systems and networks, is restricted to authorized individuals via information security tools and techniques.</p> <p>Segregation of incompatible duties is defined, implemented and enforced by logical security controls in accordance with job roles</p>
GS 007 reference	G1 G2 G3

Control	Test procedures	Result of Tests
1. Access to critical information infrastructure is located on AWS.	<p>Reviewed the AWS contract to confirm all critical information including applications are hosted on AWS provided infrastructure.</p> <p>Inspected the AWS contract to verify that it is valid for the review period – July 01, 2018 to June 30, 2019.</p>	No exceptions noted.

Control	Test procedures	Result of Tests
	<p>Interviewed CTO to confirm there are no active servers located in the office and all corporate infrastructure is on the cloud managed by Microsoft Azure Active Directory</p>	
<p>2. Core business computer systems reside on Amazon Web Services cloud environment. No uXchange personnel have physical access to this environment.</p>	<p>Reviewed the contract between Amazon Web Services (AWS) and WealthO2 to determine whether it resides on Amazon Web Services cloud environment.</p> <p>Inspected the Amazon Web Services (AWS) SOC 2 Type II report to confirm physical access to the AWS provided cloud environment is controlled and managed by AWS and only provided to authorised individuals at AWS for the audit period.</p>	<p>No exceptions noted.</p>
<p>3. Backups are scheduled regularly and stored at remote high availability locations.</p>	<p>Reviewed the contract between Amazon Web Services (AWS) and WealthO2 to confirm backups are logically stored within AWS S3 cloud environment. AWS Backup is a fully managed backup service that makes it easy to centralize and automate the back up of data across AWS services in the cloud as well as on premises using the AWS Storage Gateway.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
	<p>Inspected the AWS SOC 2 report to ascertain that backups are scheduled appropriately and available for restoration as needed.</p> <p>Reviewed the AWS SOC 2 report to confirm restoration testing is performed annually at the minimum by AWS.</p>	
<p>4. Source code is stored electronically, access restricted to the technology team.</p>	<p>Reviewed the code repositories- BitBucket and Microsoft Azure DevOps and determined source code is maintained appropriately.</p> <p>Inspected the list of users with electronic access to the source code repositories to confirm access is restricted to developers, QA team and CTO only.</p>	<p>No exceptions noted.</p>
<p>5. Access to key corporate systems is restricted using a username and password authentication.</p>	<p>Inspected the uXchange system active user list to to confirm whether the access is restricted using a unique username and password.</p> <p>Reviewed the Azure Active Directory to ascertain authentication to key corporate systems is managed through individual usernames and passwords.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>6. User accounts in respect of staff commencements, movements and terminations are authorized by the relevant stakeholder.</p>	<p>Out of the total population of 9 users that commenced employment in the audit period, selected a sample of 5 users and reviewed the Google Forms for each user to confirm access was authorized by relevant hiring manager.</p> <p>Inspected the Google Exit Forms for the 12 separated users to verify:</p> <ul style="list-style-type: none"> • Access revocation was notified and authorized by the employee’s manager. • Terminated user’s access was revoked from the Active Directory network in a timely manner. 	<p>No exceptions noted.</p>
<p>7. G-Suite users and other business systems user accounts are reviewed annually.</p>	<p>Reviewed the User Access Review (UAR) performed to verify:</p> <ul style="list-style-type: none"> • Access to G-suite and Azure Active Directory is reviewed. • Level is access is deemed appropriate by the user’s line manager. 	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>8. Access to the production environment on the server level is restricted to IT personnel as appropriate.</p>	<p>Reviewed the access to production environment to ascertain access is controlled via VPN access to AWS jumpbox.</p> <p>Inspected the list of active users that have server level access to production environment to verify:</p> <ul style="list-style-type: none"> • Unique accounts are provided that can be associated to individual users • All 5 users that have access are part of the technology team in line with their job responsibilities. • Administrator and Guest accounts are disabled. 	<p>No exceptions noted.</p>
<p>9. Appropriate audit trails are activated to capture events at the application level in production.</p>	<p>Inspected the AWS administrative console to confirm that AWS CloudTrail service is enabled for WealthO2's AWS infrastructure.</p> <p>Inspected CloudTrail event history to confirm that audit trails are maintained for all activities performed by people, groups or AWS service accounts in WealthO2's AWS account.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>10. Development and production environments are restricted to the IT Technology team.</p>	<p>Inspected the list of active users that have server level access to production environment to verify:</p> <ul style="list-style-type: none"> • All 5 users that have access are part of the technology team in line with their job responsibilities. • Administrator and Guest accounts are disabled. <p>Inspected the list of active users with development permissions in the Azure DevOps and Bitbucket code repositories to confirm only software developer and testers are provided access.</p>	<p>No exceptions noted.</p>

Item 9 Information Technology – Authorising and Processing Transactions	
Control objective	IT processing is authorised and scheduled appropriately, and exceptions are identified and resolved in a timely manner
Overview	IT processing is performed through AWS services and sub-service organisations and monitored by WealthO2 technology team through alerts and notifications.
GS 007 reference	G4

Control	Test procedures	Result of Tests
<p>1. Scheduled processes are automatically managed via Amazon Web Services. Process failure alerts are notified to the production support stakeholders.</p>	<p>Inspected the AWS console to confirm AWS’s data backup is WealthO2’s primary backup store.</p> <p>Inspected AWS SOC 2 report to confirm AWS S3 environment is replicated across multi availability zones and managed through CloudBerry.</p> <p>Inspected the RDS snapshot to confirm database backups are setup to perform regular backups.</p> <p>Reviewed the Sweeney Service Agreement to confirm that process failure emails alerts are notified to the support team inbox.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
	<p>Inspected sample notifications to ascertain all failures are monitored and identified by support stakeholders.</p>	
<p>2. IT processing is managed and monitored in the background by “Hangfire” solution.</p>	<p>Inspected the Hangfire Dashboard to confirm background processing jobs for uXchange are scheduled and managed as scheduled jobs.</p> <p>Reviewed Hangfire notifications to verify alerts and warnings from the production system are triggered and monitored appropriately.</p>	<p>No exceptions noted.</p>

Item 10 Information Technology – Safeguarding Assets	
Control objective	<p>Appropriate measures, including firewalls and anti-virus software, are implemented to counter the threat from malicious electronic attack.</p> <p>The physical IT equipment is maintained in a controlled environment.</p>
Overview	WealthO2 has its IT Hardware and infrastructure hosted by AWS and several of its Australian based data centers. WealthO2 places reliance on Physical security and network security controls maintained by the Datacenters.
GS 007 reference	G5 G6

Control	Test procedures	Result of Tests
1. The production servers are protected by firewalls.	<p>Reviewed the network diagram to confirm AWS firewalls are designed appropriately for WealthO2 Virtual Private Cloud (VPC).</p> <p>Inspected the AWS firewall console to confirm web Access Control Lists (ACL) are defined that defines whitelisting and blacklisting rules for uXchange network.</p> <p>Inspected AWS CloudFront Distributions to verify geographic restrictions are applied to allows access to the network from Australia only.</p>	No exceptions noted.

Control	Test procedures	Result of Tests
	<p>Reviewed the AWS firewall console to determine all request to and from the network are logged and monitored as events.</p>	
<p>2. Web services are placed in DMZ infrastructure.</p>	<p>Reviewed the network diagram to confirm all uXchange production servers and services are placed in a separate Virtual Private Network (VPC) with unique public IP address.</p> <p>Accessed the network by logging in to confirm web services are placed in individual Virtual Private Networks (VPC) and require VPC routing that acts as Demilitarised Zone (DMZ) for WealthO2's AWS infrastructure.</p>	<p>No exceptions noted.</p>
<p>3. Anti-virus and anti-malware technology is installed and maintained in line with vendor specifications.</p>	<p>Inspected Avast administrator console to determine that anti-virus and anti-malware capabilities are configured for all corporate machines including workstations, laptops, and servers.</p> <p>Reviewed the Avast anti-virus default settings for servers and workstations to determine that the software was configured to receive real-time signature updates from downstream server.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
	<p>Inspected the Avast management console to determine only CTO has administrator access.</p>	
<p>4. Core business and supporting computer systems reside on Amazon Web Services cloud environment which has industry standard environment controls (climate and temperature control, UPS, fire suppression etc.).</p>	<p>Reviewed the Sweeney Service Agreement to confirm that core business applications and supporting infrastructure are maintained within AWS cloud.</p> <p>Inspected the AWS SOC 2 report to determine industry standard environment controls include the following and are appropriately maintained:</p> <ul style="list-style-type: none"> • Temperature • Humidity • UPS • Fire Suppression • Fire alarms • Climate control • Generators 	<p>No exceptions noted.</p>

Item 11 Information Technology - Maintaining and Developing Systems Hardware and Software	
Control objective	<p>Development and implementation of new systems, applications and software, and changes to existing systems, applications and software, are authorized, tested, approved, implemented and documented.</p> <p>Data migration or modification is authorized, tested and, once performed, reconciled back to the source data.</p>
Overview	<p>Change management policy follows an Agile software development procedure. A central change management tool is used to record, manage and approve all changes, including inbuilt workflows for change testing, sign offs and approvals. Code is maintained in a segregated environment retained via a unified code repository.</p>
GS 007 reference	G7 G8

Control	Test procedures	Result of Tests
<p>1. Change management policies and procedures are formalized. Change request are reviewed and aggregated into Sprints and approved by management.</p>	<p>Reviewed the Change Management policy and Agile Software Development Lifecycle to confirm that it is formalised procedure has been defined.</p> <p>Reviewed all the uXchange and MDA project stories in JIRA to determine change requests are aggregated into Sprints.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
	<p>Out of a total of 7 sample Sprints selected reviewed each change request within the sprint to verify:</p> <ul style="list-style-type: none"> • Change requests were raised as stories which were tagged to selected Sprint. • Changes were approved by appropriate management and stakeholders. 	
<p>2. Change requests for additions or modifications to IT infrastructure (includes business systems tables) are generated and tracked.</p>	<p>Reviewed all the infrastructure project requests in JIRA to determine addition or modification to IT infrastructure are maintained centrally.</p> <p>Out of a total of 5 sample changes selected reviewed each change request to verify:</p> <ul style="list-style-type: none"> • IT infrastructure changes including hardware and software are tagged to 'WealthO2 Infrastructure' project by appropriate product owners. • Infrastructure changes are prioritised and tracked within JIRA through assigned Watcher list. 	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>3. Critical changes are approved, recorded and tracked in JIRA.</p>	<p>Reviewed all the uXchange and MDA related changes to confirm changes are categorized as 'Critical', 'High', 'Medium' and 'Low' within JIRA.</p> <p>Out of a total of 7 sample Sprints selected, reviewed the 2 critical changes to verify:</p> <ul style="list-style-type: none"> • Critical change requests were raised as change stories in JIRA which were tagged to selected Sprint. • Critical changes were approved by appropriate management and stakeholders. 	<p>No exceptions noted.</p>
<p>4. Changes is tested and signed-off by relevant stakeholders and recorded in JIRA.</p>	<p>Out of a total of 7 sample Sprints selected, reviewed each change request to verify:</p> <ul style="list-style-type: none"> • Changes are tested and signed off by relevant stake holders in JIRA • Changes were approved by appropriate management in staging environment. 	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>5. Changes are promoted to production upon sign-off by the relevant stakeholders.</p>	<p>Out of a total of 7 sample Sprints selected, reviewed each change request to verify:</p> <ul style="list-style-type: none"> • Changes were approved and signed off by appropriate management in staging environment. • Changes are moved to production by appropriate technology team members once signed off in staging. 	<p>No exceptions noted.</p>
<p>6. Source code reviewed and tested to ensure quality.</p>	<p>Inspected the BitBucket administrator console to determine branch permissions are applied for production branch.</p> <p>Reviewed permission for merging code in production branch to determine a minimum of 2 approvals are required to perform pull request.</p> <p>Inspected individual change requests within the 7 sample Sprints selected to confirm 2 approval were provided prior to performing pull request in the production branch.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
7. Data changes are recorded, tracked and approved in JIRA.	Inspected change management policy and change request extracted from JIRA confirmed data changes follow the centralized process and are managed within JIRA.	No exceptions noted.

Item 12 Information Technology – Business Continuity and Disaster Recovery Plans	
Control objective	<p>Data and systems are backed up regularly, retained offsite and regularly tested for recoverability on a periodic basis.</p> <p>IT hardware and software issues are monitored and resolved in a timely manner.</p> <p>Business and information systems recovery plans are documented, approved, tested and maintained.</p>
Overview	WealthO2 utilises AWS backup services to ensure availability and resilience. Additionally, Disaster Recovery Plan (DRP) is defined and is required to be tested on a periodic basis.
GS 007 reference	G9 G10 G11 G12

Control	Test procedures	Result of Tests
1. Corporate systems residing on the Amazon Web Service cloud environment are backed up regularly.	Reviewed the contract between Amazon Web Services (AWS) and WealthO2 to confirm backups are logically stored within AWS S3 cloud environment. AWS Backup is a fully managed backup service that makes it easy to centralize and automate the back up of data across AWS services in the cloud as well as on premises using the AWS Storage Gateway.	No exceptions noted.

Control	Test procedures	Result of Tests
	<p>Inspected the AWS SOC 2 report to ascertain that backups are scheduled appropriately and available for restoration as needed.</p> <p>Inspected the RDS snapshot to confirm database backups are setup to perform regular backups.</p>	
<p>2. Disaster recovery plans in place.</p>	<p>Reviewed the Disaster Recovery Plan (DRP) policy to determine the process to recover IT Systems, Applications and Data from any type of disaster has been documented by WealthO2.</p> <p>Inspected DRP procedure to confirm roles and responsibilities are defined appropriately for restoring IT services.</p> <p>Reviewed DRP procedure to confirm it was last reviewed in the audit period.</p>	<p>No exceptions noted.</p>
<p>3. Disaster recovery plans are subject to annual testing schedules as approved by the business.</p>	<p>Reviewed Disaster Recovery Plan (DRP) procedure to confirm it DR plan is to be tested annually.</p> <p>Inspected the Disaster Recovery Test results to verify DR plan was tested in May 2019 and results were appropriately maintained for re-performance.</p>	<p>No exceptions noted.</p>

Control	Test procedures	Result of Tests
<p>4. uXchange production environment is available to client during business hours.</p>	<p>Inspected the AWS console to confirm uXchange servers are hosted on AWS cloud.</p> <p>Inspected the AWS administrator console to confirm WealthO2 places reliance on AWS availability.</p> <p>Inspected AWS SOC 2 report to confirm AWS S3 environment is replicated across multi availability zones and uptime is monitored through New Relic reporting.</p>	<p>No exceptions noted.</p>

Item 13 Information Technology - Monitoring Subservice Organisations	
Control objective	Appointment of sub-service organisations, including those providing IT services, are approved, sub-service organizations are managed in accordance with the requirements of the client agreement and their activities are adequately monitored.
Overview	Sub-service organisations provide IT services and support that give them access to WealthO2 data and applications. Alerts are configured to identify any alterations to the infrastructure by sub-service organisations. Service agreements are maintained with these sub-service organisations that and are approved by management.
GS 007 reference	G13

Control	Test procedures	Result of Tests
1. Third party service arrangement are reviewed and approved by senior management to ensure alignment to business needs.	Reviewed the contracts for third party service providers that commenced in the audit period and confirmed the agreement was reviewed and signed by senior management.	No exceptions noted.
2. Third party service arrangements include service-level agreements.	Reviewed the Service agreement for third party service providers that commenced in the audit period and confirmed the terms and services in-scope were defined clearly.	No exceptions noted.

Control	Test procedures	Result of Tests
<p>3. All production infrastructure alerts are notified via SMS and e-mails to support engineer.</p>	<p>Inspected the Monitoring configuration diagram to ascertain all production infrastructure alerts are configured to be sent from AWS to Slack and PagerDuty.</p> <p>Reviewed the Slack inbox to confirm notifications e-mails are received for uXchange alerts.</p> <p>Reviewed PagerDuty configuration to verify Escalation Policy is configured to send text messages for production alerts to the predefined user group.</p>	<p>No exceptions noted.</p>

INFORMATION PROVIDED BY BDO

TESTS OF OPERATING EFFECTIVENESS

Our tests of the operating effectiveness of controls included such tests as were considered necessary in the circumstances to evaluate whether those controls and the extent of compliance with them, are sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period from 1 July 2018 to 30 June 2019. Our testing of the operating effectiveness of controls was designed to cover a representative number of transactions and controls throughout the period 1 July 2018 to 30 June 2019, for each of the controls listed in the GS 007 Controls Matrix (see pages 12-44), which are designed to achieve the specified control objective. In selecting particular tests of the operating effectiveness of controls, we considered (a) the nature of the controls being tested, (b) the types and competence of available evidential matter, (c) the nature of the audit objectives to be achieved, (d) the assessed level of control risk; and (e) the expected efficiency and effectiveness of the test. The types of tests performed on the operational effectiveness of controls detailed in the report are briefly described below:

Test	Description
Inquiry	<p>Inquiries seeking relevant information or representation from uXchange personnel were performed to obtain, among other factors:</p> <ul style="list-style-type: none"> • Knowledge and additional information regarding the control. • Corroborating evidence of the control.
Observation	<p>Observed application or existence of specific controls as represented.</p>
Inspection	<p>Inspected documents and records indicating performance of the control. This included but is not limited to:</p> <ul style="list-style-type: none"> • Inspection of reconciliations and management reports that age or quantify reconciling items to assess whether balances and reconciling items are properly monitored, controlled and resolved on a timely basis. • Review of source documentation and authorisations to verify propriety of transactions processed. • Examination of source documents or records for evidence of performance such as the existence of initials or signatures. • Inspection of uXchange documentation, such as operations manuals, flow charts and job descriptions.

Test	Description
Re-performance	<p>Re-performed the control or processing application to test the accuracy of its operation. This included but is not limited to:</p> <ul style="list-style-type: none"> • Obtaining evidence of the arithmetical accuracy and correct processing of transactions by either recomputing the application computation or performing independent calculations. • Re-performing the matching of various reconciliations by comparing, on a selection basis, information contained on the reconciliations to uXchange produced source documentation.

APPENDIX A – GS 007 MAPPING

GS 007 REFERENCE TABLE

The following table is provided to assist users in referencing the control objectives as specified in Appendix 3 of Guidance Statement GS007 Audit Implications of the Use of Service Organisations for Registry Services with the controls and tests as described in this report as they relate to the services provided by uXchange.

Appendix 3 Section	Control Objective Reference	Report Page Number
Registry		
Accepting clients	F1	12, 13
	F2	12, 13
Authorising and processing transactions	F3	12, 13
	F4	14, 15, 16, 17
	F5	14, 15, 16, 17
	F6	14, 15, 16, 17
	F7	14, 15, 16, 17
	F8 ¹	n/a
Maintaining financial and other records	F9	18
	F10	19
	F11 ²	n/a
	F12	20, 21
	F13	20, 21
Safeguarding assets	F14	20, 21
Monitoring compliance	F15	20, 21
Monitoring subservice organisations	F16	22
Reporting to clients	F17	23
Taxation	F18 ³	n/a
Information Technology		
Restricting access to systems and data	G1	24, 25, 26, 27, 28, 29

¹ The uXchange Registry does not deal with Shares of Fixed Capital investments.

² This can be updated directly by the Advisers (from WealthO2) so is always timely.

³ uXchange does not calculate non-resident withholding tax. It does not produce Taxation records.

	G2	24, 25, 26, 27, 28, 29
	G3	24, 25, 26, 27, 28, 29
Authorising and processing transactions	G4	30, 31
Safeguarding assets	G5	32, 33, 34
	G6	32, 33, 34
Maintaining and developing systems hardware and software	G7	35, 36, 37, 38, 39
	G8	35, 36, 37, 38, 39
Recovering from processing interruptions	G9	40, 41, 42
	G10	40, 41, 42
	G11	40, 41, 42
Monitoring compliance	G12	40, 41, 42
Monitoring subservice organisations	G13	43, 44