

# WilliamBuck



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### **William Buck**

### **Audit summary**

### Te Kura Kaupapa o Te Orini ke Ngati Awa

We are pleased to present our report for the audit of Te Kura Kaupapa o Te Orini ke Ngati Awa for the year ended 31 December 2021.

We'd like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Raiha Keepa-Jackson.

This report summarises our audit approach and findings as well as providing any recommendations for areas of improvement identified during the audit process. Our examination may not have identified, and should not be relied upon to identify, all control weaknesses that may exist.

#### Independence

Our independence has been confirmed by all engagement team members.

#### **Audit Opinion**

We issued an unmodified audit opinion over the financial report for the year ended 31 December 2021.

#### Responsibility for the Financial Report

The Board is responsible for preparing financial statements in accordance with the Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).

The responsibility for producing the financial report and ensuring adequate internal controls and sound business practices is the responsibility of management and is a part of management's overall responsibility for the ongoing activities of the School.

#### **Audit Focus Areas Identified**

- Probity of Expenses
- Management Override of Controls
- Fraud Risk in Revenue

#### Areas of improvement

Journal entries review

Our audit work does not examine all transactions of the School. We test significant transactions and select a sample of other transactions. We apply a principle of materiality throughout our testing.

We trust that you find this report informative, and we appreciate the opportunity to be of service to you.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact me.

Nāku noa. nā

Richard Dey

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### Audit focus areas

We identified the following risk areas within the financial report. We have summarised areas with significant risk or material adjustments below:

Focus area	Risk	Management judgement	Material adjustment	Area of improvement
Probity of expenses	Higher	<b>⊘</b>	-	-
Management override of controls	Significant	-	-	-
Fraud risk in revenue	Higher	-	-	-

#### Legend

Significant	Higher	Lower
Matters identified which had a high impact on the financial statements and/or audit.	Matters identified which had a moderate impact on the financial statements and/or audit.	Matter identified which had a low impact on the financial statements and/or audit

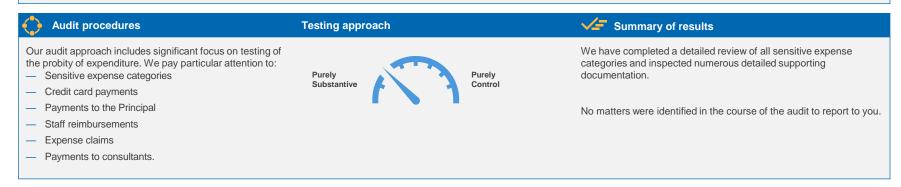


### Focus areas

#### **PROBITY OF EXPENSES**

#### **Description of risk**

Whilst carrying out our audit, on behalf of the Office of the Controller and Auditor General ("OAG"), we have been asked to consider whether any approved payments could be considered extravagant or wasteful or show a lack of probity or financial prudence. One of the internal control objectives, and key audit risks, relates to Sensitive Expenditure.





### Focus areas

#### MANAGEMENT OVERRIDE OF CONTROLS

#### **Description of risk**

Risk of management override of controls includes how those charged with governance exercise oversight of management's processes for identifying and responding to risk of fraud and the internal control that management has established to mitigate these risks. Journals, by nature, are higher risk because they can be posted to the general ledger to manipulate the accounting records, potentially to conceal errors, fraudulent behaviour or budget overspends. Many Schools contract out the accounting function to third party service providers, but ultimately it is the Board Members that are responsible for the School's accounting function.



#### Audit approach

### Our audit procedures included:

- Obtain a detailed listing of all Journal Entries recorded by the School in the year, whether prepared by the School or an external service provider.
- Testing the list for completeness.
- Reviewing the School's system of internal controls surrounding the Journal Entry process.
- Special focus is placed on reviewing journal entries posted at the end of the year.
- Detailed testing of any journals that we consider to be large, unusual, non-recurring or outside the School's normal operations.
- Examining underlying supporting documentation to Journal Entries.

#### **Testing approach**



Purely Control

#### ✓ Summary of results

We did not have any audit adjustments arising from our testing of Journal Entries

We consider that the School has some weaknesses in internal controls surrounding the Journal Entry process. Refer to Areas of Improvement below.

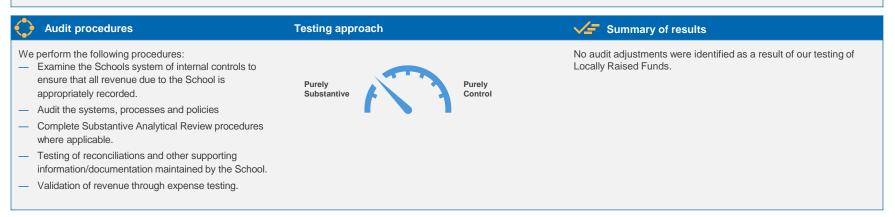


### Focus areas

#### FRAUD RISK IN REVENUE (COMPLETENESS)

#### **Description of risk**

It is the obligation of the Board Members to ensure that management have established appropriate systems of internal controls to ensure the <u>completeness</u> of all income – regardless of source. This means that all funds due to, and paid to, the School are correctly and appropriately banked in the School's bank accounts and appropriately recorded. We consider that the risk for Schools relates to non-MOE items such as School donations, activity fees (if School did not opt into the Donation Scheme) and fundraising activities.





### Other focus areas

#### **SEGREGATION OF DUTIES**

#### **Description of risk**

Segregation of duties in the finance function is a key component of internal control and reduces the inherent risk of fraud. At many Schools, portions of the day-to-day accounting functions are solely under control of one person. This represents an Inherent internal control risk that the Board must address.

#### Audit approach **✓** Summary of results **Testing approach** We audit the systems, processes and policies that has Refer to the following section on "Helpful Resources" in respect of been put in place by management. This includes review of: Segregation of Duties. We recommend that the School completes Purely Detailed monthly financial reporting to the Board this Assessment Matrix Substantive Control Sensitive Expenditure We have no specific matters to report from our testing. Testing of One-level up for approval of expenditure Reviewing Delegation of Authority levels in places Review and approval of monthly credit card statements Approval of Journal Entries.



# Summary of adjusted and unadjusted audit differences

Adjusted audit differences

Please refer to the attached schedule

#### Unadjusted audit differences

Refer to the Board's Letter of Representation to the auditors for a summary of the minor Unadjusted Differences.

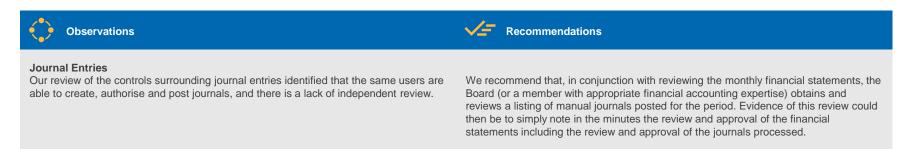


### **William Buck**



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### Areas of improvement





### Communication of other matters



Required communications with management and governance

#### Disagreements with management or significant difficulties

There have been no disagreements with management in completing the audit.

#### Other communications with management

There have been no other significant discussions with management that have not been reported to you or included in this report.

#### Fraud

During the audit we have not identified or been notified by your office of any circumstances of fraud.

#### Use of other auditors and specialists

William Buck did not require the assistance of another audit firm or specialist in performing the audit of the School.

#### Independence

The engagement team and others in the firm as appropriate, the firm and network firms are independent in accordance with relevant ethical requirements and any regulatory requirements that apply to the audit engagement.

#### Non-audit fees

We have not charged any non-audit related fees to the School in the period under review. Any other services, which we may provide from time to time, at your request, are distinct from our function as auditors. These additional services can only be provided where they do not impair our independence.

We have implemented policies and procedures designed to deliver high quality services in line with our professional obligations. Our <u>Transparency Report</u> describes our Systems of Quality Management.

#### Going concern

During the audit there have been no material uncertainties that may cast significant doubt on the School's ability to continue as a going concern and require further consideration or disclosure within the financial report.

#### Laws and regulations

During the audit there has been no evidence that the School has not complied with laws and regulations pertaining to the School.



### Helpful resources



Resources for management and governance

#### **Cyclical Maintenance**

The Ministry have published the updated cyclical maintenance guidance/tools on its website and the information in the Financial Information for Schools Handbook has also been updated. The updated guidance includes resources to help schools complete their cyclical maintenance provision calculations and provides guidance on what supporting documentation to retain as evidence for a school's annual audit.

#### Fraud Risk

<u>Discouraging fraud - Office of the Auditor-General New Zealand (oag.parliament.nz)</u>

#### Segregation of duties

The Ministry have also recently published an internal control checklist and a segregation of duties matrix which schools may find useful when assessing the adequacy of their internal controls - Managing school finances - internal control resources. Further guidance on internal controls can be found in section 7.7.1 of the Financial Information for Schools Handbook.

#### Sensitive Expenditure

More information can be found in the Office of the Auditor-General's good practice guide on <u>Controlling sensitive expenditure: Guide for public organisations</u>, which includes practical guidance on specific types of sensitive expenditure.

#### Principles-based approach:

The basics - Office of the Auditor-General New Zealand (oag.parliament.nz)

We recommend the Board consider these principles when making decisions about sensitive expenditure. We highlight to the Board Members the importance of ensuring appropriate controls over Sensitive Expenditure, and to remain up to date with Ministry of Education ("MOE") guidelines.





This report is prepared on the basis of the limitations set out below.

This report is prepared solely for the information of those charged with governance and is not intended for any other purposes. We accept no responsibility to a third party who uses this report. The matters raised in this report are only those that came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Our comments should be read in the context of the scope of our work. Findings within this report may have been prepared on the basis of management representations. Suggestions for improvement should be assessed by the entity for their full commercial impact before they are implemented.

This report has been prepared solely for your use as management of the entity and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

