

# HAURAKI SCHOOL

## ANNUAL FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### School Directory

**Ministry Number:** 1304

**Principal:** Clarinda Franklin

**School Address:** 82 Jutland Road  
Hauraki, Auckland 0622

**School Postal Address:**

**School Phone:** (09) 489 4568

**School Email:** [office@hauraki.school.nz](mailto:office@hauraki.school.nz)

#### Members of the Board:

Name	Position	How Position Gained	Term Expired/ Expires
Sarah Keber	Presiding Member	Elected	Sept 2025
Clarinda Franklin	Principal ex Officio	Current	
Sarah Gold	Parent Representative	Elected	Sept 2025
Queenie Lai	Parent Representative	Elected	Sept 2025
Emily McRea	Parent Representative	Elected	Sept 2025
Paul Barber	Parent Representative	Elected	Sept 2025
Christopher Pipes	Staff Representative	Elected	Sept 2025
Logan Burson	Staff Representative	Elected	Sept 2025

**Accountant / Service Provider:**  
Canterbury Education Services  
Unit 10, 18 Moselle Ave, Auckland 0610



# HAURAKI SCHOOL

Annual Financial Statements - For the year ended 31 December 2023

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# Hauraki School

## Statement of Responsibility

For the year ended 31 December 2023

The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the Principal and others, as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2023 fairly reflects the financial position and operations of the school.

The School's 2023 financial statements are authorised for issue by the Board.

*Sarah Leber*

Full Name of Presiding Member

*S Leber*

Signature of Presiding Member

*30/5/2024*

Date:

*Clarinda Franklin*

Full Name of Principal

*C Franklin*

Signature of Principal

*30/5/24*

Date:

**Hauraki School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Revenue</b>				
Government Grants	2	4,634,616	4,182,706	4,240,841
Locally Raised Funds	3	428,956	242,750	383,783
Interest		36,392	3,500	8,957
<b>Total Revenue</b>		<b>5,099,964</b>	<b>4,428,956</b>	<b>4,633,581</b>
<b>Expense</b>				
Locally Raised Funds	3	115,461	78,750	119,946
Learning Resources	4	3,299,173	2,963,038	3,021,403
Administration	5	242,415	229,752	214,093
Interest		4,583	4,000	3,040
Property	6	1,408,884	1,364,578	1,333,978
Loss on Disposal of Property, Plant and Equipment		615	-	4,421
<b>Total Expense</b>		<b>5,071,131</b>	<b>4,640,118</b>	<b>4,696,881</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>28,833</b>	<b>(211,162)</b>	<b>(63,300)</b>
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>28,833</b>	<b>(211,162)</b>	<b>(63,300)</b>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes which form part of these financial statements.

# Hauraki School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Equity at 1 January</b>		1,171,410	1,171,410	1,234,710
Total comprehensive revenue and expense for the year		28,833	(211,162)	(63,300)
<b>Equity at 31 December</b>		1,200,243	960,248	1,171,410
Accumulated comprehensive revenue and expense		1,200,243	960,248	1,171,410
<b>Equity at 31 December</b>		1,200,243	960,248	1,171,410

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

# Hauraki School

## Statement of Financial Position

As at 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	7	657,966	247,220	456,304
Accounts Receivable	8	229,789	224,179	224,179
GST Receivable		61,101	9,340	9,340
Prepayments		16,374	11,116	11,116
Inventories	9	49,023	53,143	53,143
Investments	10	200,000	326,993	251,859
Funds Receivable for Capital Works Projects	16	13,087	12,950	12,950
		<u>1,227,340</u>	<u>884,941</u>	<u>1,018,891</u>
<b>Current Liabilities</b>				
Accounts Payable	12	328,836	268,753	268,753
Revenue Received in Advance	13	47,035	34,287	34,287
Provision for Cyclical Maintenance	14	37,942	51,037	51,037
Finance Lease Liability	15	31,054	24,719	24,719
Funds held for Capital Works Projects	16	93,371	52,626	52,626
		<u>538,238</u>	<u>431,422</u>	<u>431,422</u>
<b>Working Capital Surplus/(Deficit)</b>		689,102	453,519	587,469
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	567,389	549,716	626,928
		<u>567,389</u>	<u>549,716</u>	<u>626,928</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	29,936	13,134	13,134
Finance Lease Liability	15	26,312	29,853	29,853
		<u>56,248</u>	<u>42,987</u>	<u>42,987</u>
<b>Net Assets</b>		<u>1,200,243</u>	<u>960,248</u>	<u>1,171,410</u>
<b>Equity</b>		<u>1,200,243</u>	<u>960,248</u>	<u>1,171,410</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes which form part of these financial statements.

# Hauraki School

## Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		807,997	1,008,856	794,491
Locally Raised Funds		346,470	265,577	306,150
International Students		89,794	69,739	55,131
Goods and Services Tax (net)		(51,761)	(4,340)	232
Payments to Employees		(415,209)	(475,944)	(507,995)
Payments to Suppliers		(607,159)	(548,915)	(672,214)
Interest Paid		(4,583)	(4,000)	(3,040)
Interest Received		32,468	3,700	8,458
Net cash from/(to) Operating Activities		198,017	314,673	(18,787)
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of Property Plant & Equipment (and Intangibles)		-	-	800
Purchase of Property Plant & Equipment (and Intangibles)	11	(59,233)	(46,788)	(155,214)
Purchase of Investments		-	(126,993)	-
Proceeds from Sale of Investments		51,859	-	499,992
Net cash from/(to) Investing Activities		(7,374)	(173,781)	345,578
<b>Cash flows from Financing Activities</b>				
Finance Lease Payments		(29,589)	(32,457)	(11,021)
Funds Administered on Behalf of Other Parties		40,608	39,676	(130,764)
Net cash from/(to) Financing Activities		11,019	7,219	(141,785)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>201,662</b>	<b>148,111</b>	<b>185,006</b>
Cash and cash equivalents at the beginning of the year	7	456,304	99,109	271,298
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>657,966</b>	<b>247,220</b>	<b>456,304</b>

The Statement of Cash Flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries, use of land and buildings grant and expense and other notional items have been excluded.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes which form part of these financial statements.

# Hauraki School

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Hauraki School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes.

##### b) Basis of Preparation

###### *Reporting Period*

The financial statements have been prepared for the period 1 January 2023 to 31 December 2023 and in accordance with the requirements of the Education and Training Act 2020.

###### *Basis of Preparation*

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

###### *Financial Reporting Standards Applied*

The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

###### *PBE Accounting Standards Reduced Disclosure Regime*

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expense threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

###### *Measurement Base*

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

###### *Presentation Currency*

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

###### *Specific Accounting Policies*

The accounting policies used in the preparation of these financial statements are set out below.

###### *Critical Accounting Estimates And Assumptions*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

###### *Cyclical maintenance*

A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

###### *Useful lives of property, plant and equipment*

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment, as disclosed in the significant accounting policies, are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.



### ***Critical Judgements in applying accounting policies***

Management has exercised the following critical judgements in applying accounting policies:

#### ***Classification of leases***

Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised. Finance lease liability disclosures are contained in note 15. Future operating lease commitments are disclosed in note 21.

#### ***Recognition of grants***

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

### **c) Revenue Recognition**

#### ***Government Grants***

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives:

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

Other Ministry Grants for directly funded programs are recorded as revenue when the School has the rights to the funding in the period they relate to. The grants are not received in cash by the School and are paid directly by the Ministry of Education.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. Grants for the use of land and buildings are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

#### ***Other Grants where conditions exist***

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

#### ***Donations, Gifts and Bequests***

Donations, gifts and bequests are recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met, funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.

#### ***Interest Revenue***

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

### **d) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

### **e) Finance Lease Payments**

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

#### **f) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

#### **g) Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education. Therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

#### **h) Inventories**

Inventories are consumable items held for sale and are comprised of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

#### **i) Investments**

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is material.

#### **j) Property, Plant and Equipment**

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements (funded by the Board) to buildings owned by the Crown or directly by the board are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value, as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

#### **Finance Leases**

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Depreciation**

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building improvements	20 years
Furniture and equipment	2-10 years
Information and communication technology	2-5 years
Playground	4-10 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value

#### **k) Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

## **l) Employee Entitlements**

### *Short-term employee entitlements*

Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned, by non teaching staff, but not yet taken at balance date.

### *Long-term employee entitlements*

Employee benefits that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows. Remeasurements are recognised in surplus or deficit in the period in which they arise.

## **m) Revenue Received in Advance**

Revenue received in advance relates to fees received from international students where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees are earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

## **n) Funds held for Capital works**

The school directly receives funding from the Ministry of Education for capital works projects that are included in the School five year capital works agreement. These funds are held on behalf and for a specified purpose. As such, these transactions are not recorded in the Statement of Comprehensive Revenue and Expense.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

## **o) Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision is a reasonable estimate, based on the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The School carries out painting maintenance of the whole school over a 7 to 14 year period. The economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

## **p) Financial Instruments**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards. On initial recognition of an equity investment that is not held for trading, the School may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive revenue and expense. This election has been made for investments that are shares. Subsequent to initial recognition, these assets are measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive revenue and expense and are never reclassified to surplus or deficit.

The School's financial liabilities comprise accounts payable and finance lease liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in surplus or deficit.

**q) Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**r) Budget Figures**

The budget figures are extracted from the School budget that was approved by the Board.

**s) Services received in-kind**

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

## 2. Government Grants

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Government Grants - Ministry of Education	806,871	699,530	831,693
Teachers' Salaries Grants	2,677,533	2,420,000	2,345,972
Use of Land and Buildings Grants	1,150,212	1,063,176	1,063,176
	<u>4,634,616</u>	<u>4,182,706</u>	<u>4,240,841</u>

The school has not opted in to the donations scheme for this year.

## 3. Locally Raised Funds

Local funds raised within the School's community are made up of:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Revenue</b>			
Donations & Bequests	137,839	102,000	114,909
Curriculum related Activities	96,599	-	-
Fees for Extra Curricular Activities	2,086	750	96,203
Trading	102,867	78,000	82,216
Hire Facilities	4,338	-	4,207
Fundraising & Community Grants	-	-	14,813
Other Revenue	15,407	4,000	-
International Student Fees	69,820	58,000	71,435
	<u>428,956</u>	<u>242,750</u>	<u>383,783</u>
<b>Expense</b>			
Extra Curricular Activities Costs	1,302	750	24,735
Trading	111,907	75,000	93,075
Fundraising and Community Grant Costs	30	-	-
International Student - Other Expenses	2,222	3,000	2,136
	<u>115,461</u>	<u>78,750</u>	<u>119,946</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>313,495</u>	<u>164,000</u>	<u>263,837</u>

During the year, the School hosted 5 International students (2022:5)

Majority of the donations received by the school were from parent contributions (\$128,553) and book donations (\$7,615).

## 4. Learning Resources

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Curricular	170,738	100,729	140,973
Information and Communication Technology	-	-	22,133
Library Resources	1,315	1,500	1,251
Employee Benefits - Salaries	2,956,248	2,691,809	2,688,314
Staff Development	20,332	25,000	24,160
Depreciation	150,540	144,000	144,572
	<u>3,299,173</u>	<u>2,963,038</u>	<u>3,021,403</u>

## 5. Administration

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Audit Fees	7,575	9,000	7,352
Board Fees	3,495	3,500	2,745
Board Expenses	2,996	5,000	9,881
Communication	8,385	8,400	7,550
Consumables	19,709	19,500	16,848
Operating Leases	2,345	5,000	4,918
Other	23,657	17,300	9,238
Employee Benefits - Salaries	144,101	133,600	130,169
Insurance	11,635	12,228	9,642
Service Providers, Contractors and Consultancy	18,517	16,224	15,750
	<u>242,415</u>	<u>229,752</u>	<u>214,093</u>

## 6. Property

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Caretaking and Cleaning Consumables	20,599	20,750	15,932
Consultancy and Contract Services	49,187	48,000	49,282
Cyclical Maintenance	9,207	12,000	(18,822)
Grounds	13,021	8,500	6,907
Heat, Light and Water	36,806	35,134	32,904
Rates	-	150	133
Repairs and Maintenance	53,044	104,868	110,426
Use of Land and Buildings	1,150,212	1,063,176	1,063,176
Security	10,081	9,000	28,519
Employee Benefits - Salaries	66,727	63,000	45,521
	<u>1,408,884</u>	<u>1,364,578</u>	<u>1,333,978</u>

The use of land and buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

## 7. Cash and Cash Equivalents

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Bank Accounts	657,966	247,220	381,170
Short-term Bank Deposits	-	-	75,134
Cash and cash equivalents for Statement of Cash Flows	<u>657,966</u>	<u>247,220</u>	<u>456,304</u>

The carrying value of short-term deposits with original maturity dates of 90 days or less approximates their fair value.

Of the \$657,966 Cash and Cash Equivalents, \$93,371 is held by the School on behalf of the Ministry of Education. These funds have been provided by the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school's buildings. The funds are required to be spent in 2024 on Crown owned school buildings.

## 8. Accounts Receivable

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Receivables	118	-	-
Receivables from the Ministry of Education	-	-	10,513
Interest Receivable	5,724	1,800	1,800
Banking Staffing Underuse	-	10,513	-
Teacher Salaries Grant Receivable	223,947	211,866	211,866
	<u>229,789</u>	<u>224,179</u>	<u>224,179</u>
Receivables from Exchange Transactions	5,842	1,800	1,800
Receivables from Non-Exchange Transactions	223,947	222,379	222,379
	<u>229,789</u>	<u>224,179</u>	<u>224,179</u>

## 9. Inventories

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Stationery	4,269	6,864	6,864
School Uniforms	44,754	46,279	46,279
	<u>49,023</u>	<u>53,143</u>	<u>53,143</u>

## 10. Investments

The School's investment activities are classified as follows:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Current Asset			
Short-term Bank Deposits	200,000	326,993	251,859
Total Investments	<u>200,000</u>	<u>326,993</u>	<u>251,859</u>

## 11. Property, Plant and Equipment

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
2023						
Building Improvements	76,296	-	-	-	(17,853)	58,443
Furniture and Equipment	216,272	42,743	-	-	(36,033)	222,982
Information and Communication Technology	46,683	7,389	-	-	(17,784)	36,288
Playground	211,170	-	-	-	(44,680)	166,490
Leased Assets	51,305	32,383	-	-	(29,979)	53,709
Library Resources	25,202	9,101	(615)	-	(4,211)	29,477
<b>Balance at 31 December 2023</b>	<u>626,928</u>	<u>91,616</u>	<u>(615)</u>	<u>-</u>	<u>(150,540)</u>	<u>567,389</u>

The net carrying value of furniture and equipment held under a finance lease is \$53,709 (2022: \$51,305)

*Restrictions*

With the exception of the contractual restrictions related to the above noted finance leases, there are no restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2023	2023	2023	2022	2022	2022
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	920,383	(861,940)	58,443	920,383	(844,087)	76,296
Furniture and Equipment	664,760	(441,778)	222,982	622,017	(405,745)	216,272
Information and Communication Technology	161,030	(124,742)	36,288	153,641	(106,958)	46,683
Playground	517,124	(350,634)	166,490	517,124	(305,954)	211,170
Leased Assets	93,154	(39,445)	53,709	94,238	(42,933)	51,305
Library Resources	65,834	(36,357)	29,477	58,153	(32,951)	25,202
<b>Balance at 31 December 2023</b>	<b>2,422,285</b>	<b>(1,854,896)</b>	<b>567,389</b>	<b>2,365,556</b>	<b>(1,738,628)</b>	<b>626,928</b>

**12. Accounts Payable**

	2023	2023	2022
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Creditors	22,750	28,848	28,848
Accruals	5,075	5,352	10,600
Banking Staffing Overuse	58,161	14,709	14,709
Employee Entitlements - Salaries	223,947	211,866	211,866
Employee Entitlements - Leave Accrual	18,903	7,978	2,730
	<u>328,836</u>	<u>268,753</u>	<u>268,753</u>
Payables for Exchange Transactions	328,836	268,753	268,753
	<u>328,836</u>	<u>268,753</u>	<u>268,753</u>

The carrying value of payables approximates their fair value.

**13. Revenue Received in Advance**

	2023	2023	2022
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	5,322	-	-
International Student Fees in Advance	41,713	21,739	21,739
Other revenue in Advance	-	12,548	12,548
	<u>47,035</u>	<u>34,287</u>	<u>34,287</u>



#### 14. Provision for Cyclical Maintenance

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Provision at the Start of the Year	64,171	62,094	119,243
Increase to the Provision During the Year	9,207	12,000	(18,822)
Use of the Provision During the Year	(5,500)	(9,923)	(36,250)
Provision at the End of the Year	<u>67,878</u>	<u>64,171</u>	<u>64,171</u>
Cyclical Maintenance - Current	37,942	51,037	51,037
Cyclical Maintenance - Non current	29,936	13,134	13,134
	<u>67,878</u>	<u>64,171</u>	<u>64,171</u>

The schools cyclical maintenance schedule details annual painting to be undertaken. The costs associated with this annual work will vary depending on the requirements during the year. This plan is based on estimates.

#### 15. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
No Later than One Year	34,572	26,835	27,702
Later than One Year and no Later than Five Years	27,954	34,988	31,681
Future Finance Charges	(5,161)	(7,251)	(4,811)
	<u>57,365</u>	<u>54,572</u>	<u>54,572</u>
<b>Represented by</b>			
Finance lease liability - Current	31,054	24,719	24,719
Finance lease liability - Non current	26,311	29,853	29,853
	<u>57,365</u>	<u>54,572</u>	<u>54,572</u>

#### 16. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects. The amount of cash held on behalf of the Ministry for capital works project is included under cash and cash equivalents in note 9.

	2023	Opening Balances \$	Receipts from MOE \$	Payments \$	Board Contributions \$	Closing Balances \$
ILE & Roofing Project 228475	<i>Completed</i>	3,414	-	(10,510)	-	(7,096)
Roof & Guttering 233160	<i>Completed</i>	49,212	-	(55,203)	-	(5,991)
Rm 18/19 & Window Replacement	<i>In Progress</i>	(12,950)	534,279	(427,958)	-	93,371
Totals		<u>39,676</u>	<u>534,279</u>	<u>(493,671)</u>	<u>-</u>	<u>80,284</u>

#### Represented by:

Funds Held on Behalf of the Ministry of Education	93,371
Funds Receivable from the Ministry of Education	(13,087)

	2022	Opening Balances \$	Receipts from MOE \$	Payments \$	Board Contributions \$	Closing Balances \$
Astro Turf Courts 228206	<i>Completed</i>	4,264	-	(4,264)	-	-
Astro Turf Relocated Playground	<i>Completed</i>	23,302	8,073	(31,375)	-	-
ILE & Roofing Project 228475	<i>In Progress</i>	3,994	-	(580)	-	3,414
Creo 228207	<i>Completed</i>	138,880	28,841	(231,200)	63,479	-
Roof & Guttering 233160	<i>In Progress</i>	-	49,212	-	-	49,212
Room 18/19	<i>In Progress</i>	-	-	(12,950)	-	(12,950)
<b>Totals</b>		<b>170,440</b>	<b>86,126</b>	<b>(280,369)</b>	<b>63,479</b>	<b>39,676</b>

**Represented by:**

Funds Held on Behalf of the Ministry of Education	52,626
Funds Receivable from the Ministry of Education	(12,950)

**17. Related Party Transactions**

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

**18. Remuneration**

*Key management personnel compensation*

Key management personnel of the School include all Board members, Principal, Deputy Principals and Heads of Departments.

	2023 Actual \$	2022 Actual \$
<i>Board Members</i>		
Remuneration	3,495	2,745
 <i>Leadership Team</i>		
Remuneration	547,176	390,526
Full-time equivalent members	4	3
<b>Total key management personnel remuneration</b>	<b>550,671</b>	<b>393,271</b>

There are 7 members of the Board excluding the Principal. The Board has held 9 full meetings of the Board in the year. As well as these regular meetings, including preparation time, the Presiding member and other Board members have also been involved in ad hoc meetings.

### Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2023 Actual \$000	2022 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	160 - 170	150 - 160
Benefits and Other Emoluments	20 - 25	25 - 30
Termination Benefits	-	-

### Other Employees

The number of other employees with remuneration greater than \$100,000 was in the following bands:

Remuneration \$000	2023 FTE Number	2022 FTE Number
100 - 110	4.00	1.00
110 - 120	0.00	2.00
120 - 130	2.00	0
	<u>6.00</u>	<u>3.00</u>

The disclosure for 'Other Employees' does not include remuneration of the Principal.

## 19. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be board members, committee members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2023 Actual	2022 Actual
Total	-	-
Number of People	-	-

## 20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2023 (Contingent liabilities and assets at 31 December 2022: nil).

### Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of boards, through payroll service provider Education Payroll Limited.

The Ministry continues to review the schools sector payroll to ensure compliance with the Holidays Act 2003. An initial remediation payment has been made to some current school employees. The Ministry is continuing to perform detailed analysis to finalise calculations and the potential impacts of specific individuals, as such this is expected to resolve the liability for school boards.

## 21. Commitments

### (a) Capital Commitments

At 31 December 2023, the Board had capital commitments of \$1,320 (2022:\$32,550) for BOT contribution on the project 233160 Roof & Gutter Replacement.

## (b) Operating Commitments

As at 31 December 2023, the Board has entered into the following contracts:

(a) operating lease extension of IT Equipment;

	2023 Actual \$	2022 Actual \$
No later than One Year	1,575	2,808
Later than One Year and No Later than Five Years	-	2,178
	<u>1,575</u>	<u>4,986</u>

The total lease payments incurred during the period were \$3,411 (2022: \$3,602).

## 22. Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

### Financial assets measured at amortised cost

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Cash and Cash Equivalents	657,966	247,220	456,304
Receivables	229,789	224,179	224,179
Investments - Term Deposits	200,000	326,993	251,859
Total financial assets measured at amortised cost	<u>1,087,755</u>	<u>798,392</u>	<u>932,342</u>

### Financial liabilities measured at amortised cost

Payables	328,836	268,753	268,753
Finance Leases	57,366	54,572	54,572
Total financial liabilities measured at amortised cost	<u>386,202</u>	<u>323,325</u>	<u>323,325</u>

## 23. Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

## 24. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

30 May 2024

Myriam Gros  
William Buck Audit (NZ) Limited  
PO Box 106 090  
**AUCKLAND 1143**

## **REPRESENTATION LETTER FOR THE YEAR ENDED 31 DECEMBER 2023**

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of **Hauraki School** (the School) for the year ended 31 December 2023 for the purpose of expressing an independent opinion about whether the financial statements:

- present fairly, in all material respects:
  - the financial position as at 31 December 2023; and
  - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

### **General representations**

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the School) to prevent and detect fraud or error, and which enables the preparation of the financial statements that are free from material misstatement whether due to fraud or error (a requirement of paragraph NZ40.1(a) in ISA (NZ) 240).

### **Representations for the financial statements**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by section 134 of the Education and Training Act 2020 and, in particular, that the financial statements:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2023; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter;
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements;
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware; and
- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with the financial statements, and the other information does not contain any material misstatements.

### **Going concern basis of accounting**

We confirm that, to the best of our knowledge and belief, the School has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 December 2023. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the School during the period of one year from today's date, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the School.

Throughout the year, the School has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

**Publication of the financial statements and related audit report on a website**

We confirm that we are responsible for the electronic presentation of the audited financial statements, and:

- that the electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.
- that the audited and unaudited information on the website has been clearly differentiated and we understand the risk of potential misrepresentation without appropriate controls.
- that we have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- that the full financial statements have been provided on the website.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the School and to confirm information given to you orally.

Yours faithfully

 (Sarah Keber)

Presiding Member

 (Clarinda Franklin)

Principal

**List of the uncorrected misstatements**

Date	Name	Account No	Reference	Annotation	Debit	Credit
12/31/2023	Employee benefits - salaries	226	N.06			20,811.00
12/31/2023	Banking staffing overuse	801	N.06		20,811.00	
	SUD - Correction of Banking Staffing Overuse balance					

Date	Name	Account No	Reference	Annotation	Debit	Credit
12/31/2023	Operational grants	100				8,627.00
12/31/2023	Employee benefits - salaries	226			8,627.00	
12/31/2023	Debtor Ministry of Education	412			8,627.00	
12/31/2023	Accruals	812				8,627.00

SUD - PSPA Backpay



# Hauraki School

Audit Closing Report to the Members of the Board  
Year ended 31 December 2023

**WilliamBuck**



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**William Buck**



# Audit summary

## Hauraki School

We are pleased to present our report for the audit of Hauraki School for the year ended 31 December 2023.

We'd like to express our appreciation for the cooperation and assistance which we received during the course of our audit from all the staff at the school and from the team at your accounting service provider.

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 2023.

### 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

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

### Areas of improvement

- Deficit Budget
- Journal Entries
- Segregation of Duty
- Review and authorisation of Staff Usage and Entitlement (SUE) Reports
- Missing Invoices
- Coding Errors
- Safekeeping of Cash
- Gift Policy
- Incorrect recording

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

Myriam Gros  
Director

Date



**Myriam Gros**

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**Bonita Swanepoel**

Director  
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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
Cyclical maintenance provision	Higher	✓	-	-
Probability of expenses	Higher	-	-	-
Management override of controls	Significant	-	-	✓
Fraud risk in revenue	Higher	-	-	-

## Legend

<b>Significant</b>	<b>Higher</b>	<b>Lower</b>
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.	Matters identified which had a low impact on the financial statements and/or audit.

# Focus areas

## CYCLICAL MAINTENANCE

### Description of risk

One of the key areas of audit focus from the Office of the Audit General (OAG) is Cyclical Maintenance Provision (CMP). This is a key subjective item in the financial statements which requires annual assessment by both School Management and the Board.

Audit approach	Testing approach	Summary of results
<p>Our procedures include:</p> <ul style="list-style-type: none"> <li>— Testing the methodology and calculations</li> <li>— Reviewing experts' opinions</li> <li>— Testing for completeness</li> <li>— Testing of underlying assumptions</li> <li>— Analysis of recent maintenance expenditure</li> <li>— Review the Schools 10 year property plan</li> <li>— Reviewing the Boards assessment of the Cyclical Maintenance programme.</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Purely Substantive</p> </div> <div style="text-align: center;">  <p>Purely Control</p> </div> </div> <p>A purely substantive approach, uses William Buck sample methodology to select samples for testing to supporting documents combined with analytical procedures which identify unexpected variances and changes year on year.</p> <p>A more controls-based approach, uses William Buck sample methodology to test key controls over significant risk items.</p>	<p>Based on our testing we did not note any material error in the CMP at 31 December 2023.</p> <p>The CMP is <u>not</u> based on the schools 10 Year Property plan. We recommend that in future, the CMP is updated based on the approved 10YPP.</p> <p>The CMP is based on recent quotes received from a painter/a recent paint of the school/a painting maintenance contract.</p> <p>No matters were identified in the course of the audit to report to you.</p>

# Focus areas

## PROBITY OF EXPENSES

### Description of risk

Whilst carrying out our audit, on behalf of the Office of the Contoller 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.



### Audit procedures

Our audit approach includes significant focus on testing of the probity of expenditure. We pay particular attention to:

- Sensitive expense categories
- Credit card payments
- Payments to the Principal
- Staff reimbursements
- Expense claims
- Payments to consultants.

### Testing approach



### Summary of results

We have completed a detailed review of all sensitive expense categories and inspected numerous detailed supporting documentation.

We did not have any audit adjustments arising from our testing of sensitive expenditure.

No matters were identified in the course of the audit to report to you.

# 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




### Summary of results

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

We have identified no material deficiencies in the School's system of internal controls surrounding Journal entries. The School should be aware that Journal Entries can easily be subject to fraud and errors.

# Focus areas

## FRAUD RISK IN REVENUE (COMPLETENESS)

Description of risk	
<p>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.</p>	
Audit procedures	Testing approach
<p>We perform the following procedures:</p> <ul style="list-style-type: none"> <li>— Examine the Schools system of internal controls to ensure that all revenue due to the School is appropriately recorded.</li> <li>— Audit the systems, processes and policies</li> <li>— Complete Substantive Analytical Review procedures where applicable.</li> <li>— Testing of reconciliations and other supporting information/documentation maintained by the School.</li> <li>— Validation of revenue through expense testing.</li> </ul>	<p style="text-align: center;">  </p> <p style="text-align: center;"> <span style="margin-right: 100px;">Purely Substantive</span> <span>Purely Control</span> </p> <p>No audit adjustments were identified as a result of our testing of Locally Raised Funds.</p> <p>No matters were identified in the course of the audit to report to you.</p>
	Summary of results

# Other focus areas

## SEGREGATION OF DUTIES

Description of risk	Testing approach	Summary of results
<p>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.</p>	<p><b>Audit approach</b></p> <p>We audit the systems, processes and policies that has been put in place by management. This includes review of:</p> <ul style="list-style-type: none"> <li>— Detailed monthly financial reporting to the Board</li> <li>— Sensitive Expenditure</li> <li>— Testing of One-level up for approval of expenditure</li> <li>— Reviewing Delegation of Authority levels in places</li> <li>— Review and approval of monthly credit card statements</li> <li>— Approval of Journal Entries.</li> </ul>	<p><b>Summary of results</b></p> <p>Refer to the following section on "Helpful Resources" in respect of Segregation of Duties. We recommend that the School completes this Assessment Matrix.</p> <p>Refer to Areas for Improvements for matters identified for improvement.</p>



# Summary of adjusted and unadjusted audit differences

## Unadjusted audit differences

Description	\$
Record banking staffing overuse	\$(20,811)
<b>Impact on Surplus/(Deficit) for the Year</b>	<b>\$(20,811)</b>

There were no Adjusted audit differences to report.

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



# Areas of improvement

**WilliamBuck**



# Areas of improvement

Observations	Recommendations
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## Matter 1 - Deficit Budget

The Board has prepared and approved a deficit budget for the coming year.

We are concerned that continued deficit budgeting, if achieved, will reduce your school's equity. Although deficit budgeting may appear to be warranted when preparing the budget for a particular year, we urge caution in using this approach because it is unlikely to be sustainable.

We are aware that there are sufficient investments to cover the loss, however it is vital that you continue to look for ways to improve actual results against the budgeted deficit in the upcoming school year and ensure that spending does not exceed the amounts approved by the board.

We recommend that the board try to avoid deficit budgeting where possible, so that the school's budget reflect the ability to operate within its means.

## Matter 2 - Journal Entries

During our audit, we observed that journal entries are not authorised or reviewed by the school

We recommend that, in conjunction with reviewing the monthly financial statements, the Board (or a member with appropriate financial accounting expertise) obtains and reviews a listing of manual journals posted for the period.

Evidence of this review could then be to simply noted in the minutes the review and approval of the financial statements including the review and approval of the journals processed.

# Areas of improvement



## Observations



## Recommendations

### Matter 3 - Segregation of duties

We note that significant portions of the day-to-day accounting functions are solely under control of School Secretary Lisa Brown. We wish to point out that nothing in our review of your systems has led us in any way to question the integrity of this or any other employee. It is important that no single person has control over, or access to, all aspects of recording and control of school funds. Not only does this provide opportunity for abuse of the school funds, but also puts a great responsibility and burden of trust on the person who has this control.

The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error, or unrecorded transactions. We appreciate that it may be difficult to segregate Lisa's duties, this can be compensated by careful monitoring and oversight by management and the Board. Where possible, one option is to have members of the team periodically rotate duties. As a minimum, it is important to have someone else on your team able to perform these tasks and doing so occasionally, such as when the key person takes leave. This person should also have forced periods of absence (e.g. two weeks minimum per year).

### Matter 4 - Review and authorisation of Staff Usage and Entitlement (SUE) Reports

During our walkthrough for payroll, we noted that the admin has not signed on any SUE reports

We recommend that each SUE report be signed or initialled to provide evidence of formal approval by appropriate personnel.

# Areas of improvement



## Observations

### Matter 5 – Missing invoices

From our review of a sample of expense transactions, invoices and supporting documents were not always attached to the accounting software or provided upon request. Appropriate supporting documentation is important for governance reasons as well as to claim GST and to provide evidence that this was valid expenditure for the School.

### Matter 6 – Coding Errors

During our audit we noted a number of coding errors in the preparation of the financial statements. The necessary journals were posted to correct these errors. These coding errors result in incorrect financial reporting both for management and annual reporting and also impact audit time and cost.



## Recommendations

We suggest that all relevant supporting documents be attached or provided for all transactions. This will ensure that all documentation relevant to the payment is kept together and adequately controlled. It will also provide appropriate support to the person on your Board who is authorising the expenditure.

We recommend that care be taken to ensure the correct coding of transactions to the general ledger, to provide reliable financial reporting.

# Areas of improvement



## Observations

### Matter 7 – Safekeeping of Cash

During our audit visit, we noted that the cash held by the school before banking is in a lockbox which is kept in a cupboard.

### Matter 8 – Gift Policy

During our testing of expenses, we noted a substantial amount of gifts and that the school does not maintain a gift policy

### Matter 9 – Incorrect recording

During our testing of expenses, we noted that an expenditure did not match the invoice provided as a supporting document



## Recommendations

We recommend that the school use a safe in storing their cash to provide a secure storage environment for cash, minimizing the risk of theft or unauthorized access.

We recommend the school create a policy for gifting to establish a criteria in determining appropriate gift values and types. Implementing a gifting policy helps schools manage their budgets effectively by preventing excessive or inappropriate spending and encourages responsible stewardship of resources by discouraging extravagant or frivolous gift exchanges.

We recommend that the school implement segregation of duties and conduct regular reconciliation and reviews to prevent one person from having sole control over the entire invoice recording process, reducing the risk of errors or fraudulent activities

# 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.

### 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.

### 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.

### 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 [Transparency Report](#) describes our Systems of Quality Management.

### Fraud

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

### 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.

### 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.

### 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.

# Communication of other matters



## Required communications with management and governance

### Annual Report

The Education and Training Act 2020 requires you to publish your Annual Report online. Your Annual Report contains your audited annual financial statements including our audit opinion, analysis of variance, list of Board Members, Kiwisport statement and Good Employer compliance. Making your Annual Report accessible to the School community is important for transparency and accountability. The expectation is that your Annual Report is published as soon as possible after your audit is completed, as the value of good accountability lessens over time.

Please ensure that once your 2023 Annual Report is submitted to the Ministry it is also published on your website. If you do not have a website, contact the Ministry of Education for guidance.

### Good Employer

Section 597 of the Education and Training Act requires the Board to have an employment policy that complies with the principle of being a good employer. The Board must make the policy available to employees, ensure its compliance with the policy, and report on the extent of that compliance in its annual report.

### Related Parties – Conflict of Interest

The risk of conflicts of interest in small communities, which many schools operate in, is inherently high, because the Board, Principal, and other employees are often living in the same communities their school services. There is a particular risk of conflict in the decision-making processes used to appoint new employees and contractors, as well as the purchase of goods and services. However, having a conflict of interest does not necessarily mean you have done anything wrong, what is important is how the conflict is managed.

The Office of the Auditor-General have a good practice guide on managing conflicts of interest as well as other resources, available on its website. We encourage you to make use of these resources.



# 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

[Discouraging fraud - Office of the Auditor-General New Zealand \(oag.parliament.nz\)](http://oag.parliament.nz/discouraging-fraud)

### 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 [Controlling sensitive expenditure: Guide for public organisations](#), which includes practical guidance on specific types of sensitive expenditure.

### Principles-based approach:

[The basics - Office of the Auditor-General New Zealand \(oag.parliament.nz\)](http://oag.parliament.nz/the-basics)  
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.

# WB

## Ngā Mihi

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

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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.

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Empowering Business Globally

# Areas of improvement



## Observations



## Recommendations

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