

25 May 2021

Hope Hancy  
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Dear Ms Hancy

### **Audit of Financial Statements for the Year Ended 31 December 2020**

We are pleased to advise that we have completed the audit of your financial statements for the year ended 31 December 2020.

We enclose a complete set of your school's financial statements together with our formal audit report issued on behalf of the Controller and Auditor-General, as required by the Public Finance Act 1989.

This letter includes observations on the school's accounting procedures. As the trustees are responsible for the financial operations of the school we suggest this letter be considered at the next finance committee meeting and tabled at the next full board meeting.

### **Why we write this letter**

The primary aim of our audit is to form an opinion as to whether the financial statements fairly reflect the results of your school's activities for the year and your financial position at 31 December 2020. The audit report expresses this opinion.

To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out below some matters for the attention of your board. Our motive is to offer constructive advice so that the accounting functions and related issues can be improved in the future. Please note that this letter is sent only to you, with a copy to the Office of the Controller & Auditor-General. We do not send a copy of this letter to the Ministry of Education.

### **Governance Issues**

#### ***Credit Card Transactions – lack of independent authorisation***

From our review of a sample of credit card transactions, we noted that there is no independent review of the principal's credit card expenses.

Credit cards can be reasonably easily subject to error and fraud and have led to allegations of inappropriate expenditure for some schools. It is important that you have all appropriate supporting documents and are checking statements thoroughly on a timely basis to prevent errors or unauthorised payments.

*We recommend that you apply a "one-up" principle of approving credit card expenditure. We suggest that the principal's monthly credit card expenses be approved by the Board or a board member*

#### ***Novopay/Edpayroll***

When we were testing employees it was stated that you couldn't print out terminated and new employees after the fact. We feel that the school should have a record of new and terminated employees.



*It is recommended that when entering a new employee or terminating an employee that the form is printed out before submitting it to Novopay/Edpayroll, this is so that the school can keep a record of the processing of new and terminated employees.*

### ***Independent Authorisation***

When reviewing expenses it was noted that the principal reimbursements were not authorised by an independent person. In our view it is important that the individual reimbursements are authorised by an independent person.

*It is recommended that the principals reimbursements are authorised by the BOT.*

### ***Deficit Budget***

We note that a significant deficit budget has been prepared and approved by the board for 2020. We are concerned that continued deficit budgeting, if achieved, will result in a further deterioration of your school's equity.

*Whilst deficit budgeting may appear to be warranted when preparing the budget, we urge caution in the use of this approach. In our view it is vital for the board to remain diligent over ways in which to improve the actual results against the budgeted deficit during the upcoming school year and to ensure that spending does not exceed those amounts approved by the board.*

*We do acknowledge that the school has adequate resources available to fund the forecast deficit.*

### ***Van Drivers***

When reviewing expenses it was noted that one of van drivers speeding ticket was paid by the school rather than the van driver personally. In our view the school should adopt a policy that all drivers of school vans should obey the speed limit and if any tickets are issued they are responsibility of the driver rather than the school.

*It is recommended that school draft up new policy for van drivers and any speeding tickets are the responsibility of the driver.*

### ***Improvement in Your Financial Position***

We would like to congratulate the school for the surplus achieved in the 2020 year in spite of your deficit budget. It is a tribute to the efforts of your team in terms of budget monitoring and control and the focus placed on the financial health of your school.

### ***The Day-to-Day Accounting System***

Overall, based on our knowledge of your school and the results of our audit procedures, we again found the financial control environment in place at your school to be good. The attitude towards controls and ensuring your school is being governed effectively is very positive. We were also impressed that your board appears concerned about planning and performance monitoring.

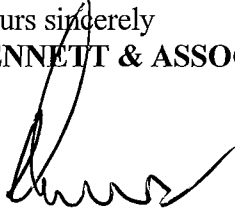
### ***Our Sincere Thanks***

We would like to take this opportunity to thank the Principal and Financial Administrator for their assistance and co-operation during our audit. The assistance from the school team greatly influences the efficiency of the whole audit process.



We would also like to thank the trustees for selecting Bennett & Associates as your auditors. We appreciate our relationship with your school and look forward to continuing to provide a valuable service to you.

Yours sincerely  
**BENNETT & ASSOCIATES**



**SK BENNETT**

