

17 July 2023

The Board of Trustees  
Te Kura o Waikare

Dear Board of Trustees,

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## Te Kura o Waikare – Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2022. The primary aim of our audit is to form an opinion as to whether your financial statements fairly reflect the results of your organisation's activities for the reporting period and its financial position at balance date. The audit report expresses this opinion.

In forming our audit opinion, we conducted detailed tests of selected transactions and reviewed the key controls in place to ensure the effective operation of your accounting systems and internal controls. To ensure you receive maximum benefit from our audit we provide feedback from our evaluation of your systems and highlight areas of possible weakness or where we believe improvements can be made. That is the major purpose of this letter.

### Required Communications

As required by the Auditing Standards we affirm that:

- We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.
- We have not identified any instances of fraud involving senior management or any other frauds that have caused a material misstatement in the financial statements.
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We have no disagreement with the selection of Accounting Policies and applied accounting principles in the financial statements.
- We have not identified any breaches of legislation during our audit.

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

### Specific Matters and Recommendations

There are a number of matters arising and observations from our audit work which we now bring to your attention.

#### *Payroll Activity Report*

Edpay has a report called activity report which records the payroll changes processed by the school. In our view to the use of this report would improve control this over changes in payroll if this report was be printed and signed by a person independent of the payroll processing.



Note the report is an annual report but can be run each pay period, exported to excel and only the dates relating to the current period printed. This process would only take a couple of minutes.

*It is recommended that the payroll activity report is printed and checked and authorised by an appropriate person independent of the payroll processing.*

### ***Deficit Budgeting***

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.

It is vital that you continue to look for ways to improve the actual results against the budgeted deficit during 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 wherever possible, so the school budgets reflect the ability for it to live within its means.

We Accept that the school does have sufficient reserves available to cover the deficit.

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

We would like to congratulate the school for the surplus achieved in the 2022 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.

### **Conclusion**

These points are not necessarily exhaustive as they arose from our general financial statement audit rather than a specific systems audit. This letter is prepared solely for the use of the Board of Trustees and senior management of Te Kura o Waikare. It may not be provided to third parties without our prior written permission.

Thanks to yourselves and to staff who assisted us in the completion of our audit work. Please contact us with your proposed responses to our recommendations and if you have any questions on any issues raised.

Yours faithfully,



Steve Bennett  
Bennett and Associates

