

21 August 2024

The Board of Trustees
Te Kura O Otangarei

57 Clyde Street
PO Box 627
WHANGAREI 0140
Phone: (09) 438 2312
Fax: (09) 438 2912
info@bennettca.co.nz
www.bennettca.co.nz

Dear Board of Trustees,

Te Kura O Otangarei - Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2023.

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 matters arising and observations from our audit work which we now bring to your attention.

Deficit Budget

We note that a significant deficit budget has been prepared and approved by the board for 2024. 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.

Festival Income

It was noted that the school has no written procedures or workings for both festival and gala income and the cash received in our view was quite significant and therefore are of the view that some procedures and workings should have been provided. For a ticketing system to be effective there needs to be a reconciliation of how many tickets are sold, how many tickets are remaining and unaccounted for tickets. The tickets sold then need to be reconciled with cash received. The cash should be counted by two people and these people should be independent and not involved in selling the tickets or involved with the stalls.

We recommend that any festival, gala and any fundraising activities should have procedures and reconciliation between tickets sold with money received.

Breakdown in Controls

When we were reviewing the debtors, it was noted that an invoice was paid twice. In our view this is a weakness in control.

It is recommended that controls are put in place, so invoices are not paid twice.

Audit Adjustments

Please find attached a list of adjusted and unadjusted errors found during the course of our work. Management believes that the unadjusted errors are immaterial individually and in aggregate and we concur with this.

Improvement in Your Financial Position

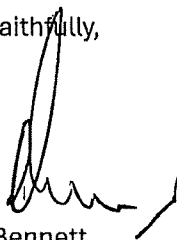
We would like to congratulate the school for the surplus achieved in the 2023 year in spite of your deficit budget. It is a tribute to the efforts of your team in terms of budget monitoring and control and the focus placed on the financial health of your school.

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 Otangarei. 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



Unadjusted Errors:

1. PSPA Back up paid in March 2024

Code	Name	Group	Debit	Credit
9115	Accounts Receivable	assets	4,393.26	-
129	Salary Support Grants	income	-	4,393.26
3417	Teacher Aide BoT LR	expenses	4,393.26	-
9320	Accounts Payable	liabilities/ equity	-	4,393.26
			8,786.52	8,786.52

Adjusted Errors:

1. support staff washup for 2023 year paid in July 2024

Code	Name	Group	Debit	Credit
129	Salary Support Grants	income	14,734.68	-
9320	Accounts Payable	liabilities/ equity	-	14,734.68
			14,734.68	14,734.68