

RSM Hayes Audit

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24 May 2021

The Chairperson
Board of Trustees
Hillsborough Primary School
18 Belfast Street
Auckland 1042

Dear Mr Jackson

Audit of your Financial Statements For the year ended 31 December 2020

We have substantially completed the audit of your financial statements for the year ended 31 December 2020.

Upon completion of your audit we will 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 legislation.

Please note that a PDF copy of the audit report and signed financial statements is required to be uploaded to the MOE's schools data portal by 31 May 2021. We also remind you that you are now also required to publish the final audited version of your annual report on your website.

This letter and accompanying report of Audit Findings 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.

Scope of the audit

Our audit is designed to provide an independent opinion on the board's financial statements which are a public document. As a secondary output of this work we also report on matters relevant to your financial and management systems that have come to our attention and are significant.

We have performed procedures to audit the information presented in your annual financial statements. We have also relied on representations made by your school's management team, including your accounting service provider, CES. We assess the results of procedures and representations made when forming our audit opinion.

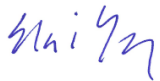
To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out in the attached report some matters for the attention of your board. Our motive is to offer objective and constructive advice so that the accounting function and related issues can be 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 or any other party.

Our sincere thanks

We would like to take this opportunity to thank your principal, Mr Mark Lewington and executive officer, Mrs Diana Youngson 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 RSM Hayes Audit as your auditors. The 2020 year represents the final year of our three-year cyclical appointment as your auditors. We have appreciated our relationship with your school over that time. The formal tender and appointment processes for the next three years will be initiated by the Office of the Auditor General and will be carried out during 2021.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Elaine Yong".

Elaine Yong
Audit Partner





Hillsborough Primary School

Audit Findings

For the year ended 31 December 2020

1. Introduction
2. Expected Content Of Our Formal Audit Report
3. Governance
4. The Financial Statements
5. The Day To Day Accounting System
6. Prior Year Recommendations

1. Introduction

We set out below our findings from the audit work we have performed during the audit of your financial statements for the 2020 financial year. Matters raised in this report have been discussed with your management team during the audit fieldwork.

Our work focussed on the systems and controls set by your board and implemented by your management team, to the extent necessary in forming an audit opinion. Any matters arising from the audit are detailed in this letter.

2. Expected content of our formal audit report

Subject to receipt of signed financial statements, letter of representation, and minor narrative adjustments to the financial statements and final update of events subsequent to balance date, we expect to issue an unmodified audit report in our standard wording.

3. Governance

Areas of significant audit focus

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process.

An independent audit of your financial statements is a key part of ensuring that your organisation has appropriate controls in place regarding financial management and financial reporting. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls including the detection and prevention of fraud, and financial statements.

While our audit necessarily involves evaluating your overall system of financial controls and reporting, the following are areas and issues we assessed as potentially significant risk areas in relation to your school during our audit. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity. In the case of your organisation in the current year these assessed areas of significant focus were as follows:

- Recognition and recording of locally raised funds income and expenditure and treatment of income in advance;
- Risk from limited segregation of duties;
- Expenditure being valid and appropriate for your school's purposes (probity of expenditure); and
- Cyclical maintenance expense and provisioning being appropriate.

In addition, we sought to ensure that your financial statements were in compliance with generally accepted accounting practice in New Zealand as appropriate to public benefit entities that qualify for Tier 2 reporting. That is that Public Benefit Entity Standards - Reduced Disclosure Regime (PBE Standards RDR) have been appropriately adopted and that the mandatory Kiwi Park model has been followed.

We are pleased to advise that our testing of these assessed risks did not identify any significant issues or concerns. Any observations and recommendations related to these topics are detailed below.

Required communications

We are required by auditing standards to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management;

- We have not identified any breaches of legislation during our audit;
- We have not identified any instances of fraud involving management, or any other frauds that caused a material misstatement of the financial statements; and
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.

Audit Independence

We reaffirm we are independent of your school, and that we have no relationship with your school that could impair our independence.

4. The Financial Statements

Unadjusted differences

Appendix A details unadjusted journal differences that we identified during the audit.

Adjustments made

Appendix B identifies all journal adjustments posted at our request in the final financial statements.

5. The day-to-day accounting system

It is important that we report any observations and areas for improvement in respect of the financial control environment at your school. As part of the RSM audit approach we review the accounting systems established by the board to the extent that they could have a significant impact on the annual financial statements. There were no new points raised this financial year.

6. Prior year recommendations

Prior Year Recommendation	Current Year Progress
<p>Credit card approval</p> <p>We recommended the credit card statements are signed in a timely manner.</p>	<p>We continue to note credit card statements are not signed in a timely manner. We also identified one credit card statement which was not evidenced as reviewed.</p> <p>We recommend that credit cards are evidenced as reviewed and this review is performed in a timely manner.</p>
<p>In-committee Board of Trustees Minutes</p> <p>We recommended the in-committee minutes be signed by the board chairperson as a confirmation that minutes recorded are fair and accurate.</p>	<p>Implemented.</p>
<p>Segregation of duties</p> <p>We suggested that in any organization 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 upon the person who has this control.</p> <p>The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error, or unrecorded transactions.</p>	<p>Continual monitoring required.</p> <p>Audit acknowledges that it is challenging to achieve complete segregation of duties for the size of your organization, however, it is important for the board to be aware of this control weakness and implement close management supervision to mitigate such deficiency.</p>

Appendix A

Unadjusted differences arising from our audit

The following differences have been identified during our audit and remain unadjusted at the conclusion of our work. Whilst we request that these do be amended, given their value, we nevertheless are still able to provide an unmodified opinion should they remain unadjusted in the final approved financial statements.

Name	Account No	Income Statement		Balance Sheet	
		Debit	Credit	Debit	Credit
MOE Teachers' Salaries Grant	10390	12,006			
Salaries - Teachers (MOE)	33780		(12,006)		
To adjust historical Ministry of Education teacher salary overpayments.					
MOE 5YA - Admin Extension	86100			7,065	
Retentions Held for Capital Work	RSM01				(7,065)
To record the retention for the Admin Extension project.					

Appendix B

Journal adjustments made in the final financial statements at our request

Name	Account No	Income Statement		Balance Sheet	
		Debit	Credit	Debit	Credit
80090 ASB Term Deposit 90	80090				(92,004)
ASB Investment 90 - Cash and Cash Equivalents	RSM1			92,004	
To reclass the term deposit to cash and cash equivalents.					