



# ST PATRICK'S PRIMARY SCHOOL

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED

31 DECEMBER 2022

6 June 2023

Stephanie Hall  
Presiding Member  
By Email: stephall2578@gmail.com  
cc: Tony Kelly-Smith  
Principal

Dear Stephanie,

We have pleasure in presenting our Audit Completion Report for our audit of St Patrick's Primary School's financial statements for the year ended 31 December 2022.

We emphasise that our audit work involves the review of only those systems and controls in your School upon which we rely on for audit purposes. Our examination may not have identified, and should not be relied upon to identify, all control weaknesses that may exist.

We express our appreciation for the assistance and co-operation provided by the School and the School's service provider during the audit. There is nothing we wish to raise solely with the Board.

Yours faithfully,  
**BDO WELLINGTON AUDIT LIMITED**



**Henry McClintock**  
Partner  
Audit & Assurance Services

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## 1. EXECUTIVE SUMMARY

### STATUS OF THE AUDIT AND THE AUDIT OPINION

BDO Wellington Audit Limited ('BDO') is the Appointed Audit Firm of Porirua (the "School").

BDO's responsibilities include a requirement to express an opinion on the School's financial statements arising from our audit conducted in accordance with the Auditor-General's Auditing Standards which incorporate International Standards on Auditing (NZ).

This report details the processes, findings and recommendations from our audit of the School in accordance with the Auditor General's Auditing Standards, and the terms of our engagement as set out in our audit engagement letter.

Our audit of the School's financial statements for the year ended 31 December 2022 is complete.

We have issued an unmodified audit opinion.

We welcome your feedback on the effectiveness of the audit process and we are available to discuss our performance.

### AUDIT SCOPE AND OBJECTIVES

Our audit objectives are to:

- report on whether the financial statements are presented fairly in all material aspects; and
- report to Management about control environment issues that should be addressed by the School.

A strong control environment would feature adequate segregation of duties over important financial processes, and independent reviews as compensating controls should it not always be practicable for the duties to be separated.

We have documented, tested, and assessed the controls supporting the School's key transaction streams, and there are no significant weaknesses to report. Control weaknesses identified during the audit have been included in the Internal Control and Other Findings section of this report.

## AREAS OF SIGNIFICANT RISK AND AUDIT EMPHASIS

Our audit approach considered the inherent risks for the School, and their potential impact on the financial statements, as well as the associated risk mitigations and controls in place. The significant matters arising from our audit work are:

- Locally raised funds
- Payroll controls
- Cyclical maintenance provision
- Management override of controls

We were able to obtain sufficient and appropriate audit evidence in respect to these items and we have no significant findings to bring to your attention. Refer to Section 2 for our comments in respect of each significant risk and area of audit emphasis.

## SUMMARY OF UNCORRECTED MISSTATEMENTS

There were no errors left uncorrected at the conclusion of our audit.

## INTERNAL CONTROLS

Our audit approach requires us to obtain an understanding of the School's internal controls in order to assess the risk of material misstatement in the financial statements whether due to fraud or error. However, is not designed to provide assurance over the overall effectiveness of controls operating within the School.

We have included in subpart 3 of this report, a summary of our findings and recommendations arising because of our audit procedures.

## 2. KEY FINANCIAL STATEMENT AUDIT RISKS AND AREAS OF AUDIT EMPHASIS

Our audit procedures were focused on those areas of the School’s activities that are considered to represent the key audit risks identified during the risk assessment process undertaken and communicated with you through our Audit Plan issued to you at the planning phase of the audit. Below we present a summary of the identified key areas of risk and audit emphasis and our conclusions in relation to each matter. We are satisfied that these areas have been satisfactorily addressed through our audit processes, unless stated otherwise.

| Locally Raised Funds                                                                                                                                                                             |                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Area of Audit Emphasis                                                                                                                                                                           | Conclusion/Response                                                                                                  |
| Due to the nature of locally raised funds (often being cash, or having limited segregation of duties), there is a risk of material misstatement around the completeness of locally raised funds. | We found no issues regarding the completeness of locally raised funds balances recorded in the financial statements. |

  

| Payroll Not Approved or Checked                                                                                                                                                                                |                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Area of Audit Emphasis                                                                                                                                                                                         | Conclusion/Response                                                                                                |
| Payroll is processed centrally for all schools. The accuracy of payroll processing is therefore dependent on appropriate approval of payroll changes and checking of the fortnightly SUE report at the School. | We found no issues regarding controls that could affect the payroll balances recorded in the financial statements. |

### Cyclical Maintenance Provision

#### Area of Audit Emphasis

Cyclical Maintenance is an area of significant judgment and estimation which could lead to material misstatement in the financial statements if not considered properly by management. For Schools to be able to calculate the appropriate cyclical maintenance provision, a 10 Year Property Plan (10YPP) and cyclical maintenance calculation need to be prepared and/or reviewed by an expert.

#### Conclusion/Response

We found no issues regarding the provision for cyclical maintenance recorded in the financial statements. We note that the school is due to get an updated plan as the previous plan is out of date and therefore the provision was estimated using painting quotes received.

### Management Override

#### Area of Audit Emphasis

There is a non-rebuttable presumption under the Auditing Standards that management override presents a significant risk of material misstatement to the financial statements.

#### Conclusion/Response

We have assessed the segregation of duties and risk of management override as part of our planning process and concluded that the risk of fraud from management override of controls primarily relates to the processing of manual journals. We have used a risk-based approach to testing manual journals and focused on any areas with a risk of cut-off error or those requiring judgement or estimation. No issues with management override were identified.

### 3. INTERNAL CONTROL AND OTHER AUDIT FINDINGS

This section of the report sets out the key findings we identified during the audit and highlights control deficiencies requiring attention from management. Our work has been limited to those controls relevant to the audit of your financial statements. The purpose of our audit work on controls is not to provide assurance and therefore we may not necessarily disclose all matters that might be significant deficiencies or deficiencies that heighten the risk of a fraud being perpetrated.

The following key findings were identified during this year's audit:

| Deterioration in your financial position                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finding                                                                                                                                                                                                                                                                                                                  | Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>The financial statements reflect a deterioration in your school's financial position.</p> <p>The Statement of Revenue and Expense recorded a deficit of \$35,892 and working capital has fallen by \$79,254 to \$30,523.</p> <p>Also, you are forecasting for a deficit of \$26,799 for 2023.</p>                     | <p>Because your school has no term investments or other available funds, this means that your current assets only just exceed your current liabilities by \$30,523.</p> <p>We recognise that your Board is monitoring this situation. However, if unexpected liabilities arise the school may find itself with a working capital deficit, and you may not be able to pay your bills as they fall due.</p> <p>We recommend that you monitor this situation closely and discuss this matter with your Ministry School Finance Advisor.</p> |
| Unauthorised credit card statements and invoice absent for credit card expenditure                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Finding                                                                                                                                                                                                                                                                                                                  | Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>During the audit, we note that there is a credit card statement hasn't been authorised (which is the February 2022 credit card statement).</p> <p>In addition, from our review of sensitive expenditure sample testing, we note that 1 invoice was missing, which is related to \$105 paid to Flower and Fashion.</p> | <p>We recommend that Credit card statements to authorised by the appropriate authority to ensure there are no discrepancies in the records. Also, we suggest that all relevant supporting documents be attached to your credit card statements. This will ensure that all documentation relevant to the credit card payment is kept together and is adequately controlled.</p>                                                                                                                                                           |



## Removal of old assets

### Finding

When scanning through your schools' assets register, we sighted several assets listed with \$nil closing value, such as computers.

### Conclusion

The fixed asset register should be comprised of assets which the school has current control over, which have economic value to the school.

We recommend the school perform periodic reviews of the fixed asset register to ensure there are no old, disposed of or \$nil value assets remaining on the register. Of particular focus should be assets which have been fully depreciated, and those which have been damaged or destroyed. For the latter, an impairment expense should be recorded.

## 4. REQUIRED COMMUNICATIONS WITH GOVERNANCE

| Matter                                                                     | How the matter was addressed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Auditors responsibility under generally accepted auditing standards</b> | <p>We are responsible for completing an audit in accordance with generally accepted auditing standards in New Zealand. The detailed terms of which are set out in our audit engagement letter.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Confirmation of Audit Independence</b>                                  | <p>In conducting our audit, we are required to comply with the independence requirements of AG PES-1 <i>Code of Ethics for Assurance Practitioners</i> issued by the External Reporting Board.</p> <p>Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.</p> <p>For the comfort of the Board, we note that the following processes assist in maintaining our independence:</p> <ul style="list-style-type: none"> <li>• No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement partner or the OAG.</li> <li>• All services performed by any national BDO office will be reported to the governing body.</li> </ul> <p>There were no other services provided by BDO during the year.</p> |
| <b>Management Judgements and Estimates</b>                                 | <p>Under International Standards on Auditing (NZ), we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting estimates, assumptions, or valuation judgements. Overall, we note that the judgements and estimates made by management in the preparation of the financial statements for the year ended 31 December 2022 appear reasonable. Key matters impacting on our audit have been raised in sections 2 and 3 of this report if applicable.</p>                                                                                                                                                                                                                                                                                                                                 |

| Matter                                                  | How the matter was addressed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Matters requiring Board of Trustee input</b>         | <p>We have placed reliance on the Board’s review and approval of the following matters:</p> <ul style="list-style-type: none"> <li>• Minutes of the Board meetings;</li> <li>• Implementation of such controls as is needed to ensure that financial statements are presented fairly;</li> <li>• Management accounts;</li> <li>• Annual budget;</li> <li>• 10 Year Property Plan/maintenance plan;</li> <li>• Notification of fraud; and</li> <li>• Financial statements.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Accounting policies</b>                              | <p>Auditing standards require us to discuss with you the qualitative aspects of the School’s accounting practices and financial reporting. We reviewed the financial statements of the School against the Kiwi Park Model and noted no material departures from the requirements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Materiality and adjusted/ unadjusted differences</b> | <p>Materiality means, in the context of an audit or review, if financial information is omitted, misstated, or not disclosed, it has the potential to affect the decisions of users of the financial statements. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and when evaluating the financial statements. Materiality is initially calculated at the planning stage of our audit and has an influence on the amount of work we do, as well as where we direct our efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.</p> <p>All adjusted and unadjusted differences identified during our audit (if any) have been detailed in Appendix 1 of this report.</p> <p>It should be noted that the auditing standards do not require us to communicate misstatements that are considered “clearly trivial” and as such, if we identify such misstatements, we will not communicate these to you. We consider “clearly trivial” to be 5% or less of our planned materiality.</p> |

| Matter                                                      | How the matter was addressed                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Going concern</b>                                        | <p>We have undertaken a review of the Board and management’s assessment of the ability of the School to continue as a going concern for at least 12 months from the date of signing the audit report, and therefore whether the going concern basis for the preparation of the financial statements is appropriate.</p> <p>We identified no issues or concerns that led us to conclude the going concern assumption could not be relied upon.</p> |
| <b>Fraud</b>                                                | <p>During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud; however, should instances of fraud come to our attention, we will report them to you.</p>                                                                                                                                                            |
| <b>Compliance with laws and regulations</b>                 | <p>We have made enquiries in relation to compliance with laws and regulations during the course of our audit. We have not become aware of any instances of non-compliance with laws and regulations which has materially impacted the financial position or performance of the School.</p>                                                                                                                                                        |
| <b>Significant findings from the audit</b>                  | <p>Other than those documented in the executive summary and sections 2 and 3 of this report, there were no significant matters arising from the audit.</p>                                                                                                                                                                                                                                                                                        |
| <b>Disagreements with management</b>                        | <p>There have been no disagreements with management over matters of significance to the audit.</p>                                                                                                                                                                                                                                                                                                                                                |
| <b>Difficulties encountered during the audit</b>            | <p>There have been no significant difficulties encountered during the audit.</p>                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Consultations with other accountants and consultants</b> | <p>We have considered the need for other accounting specialists during our work and determined due to the nature of the engagement and experience and knowledge of the engagement team, that no specialists were necessary for the current period.</p>                                                                                                                                                                                            |
| <b>Management representation letter</b>                     | <p>We have not requested specific representation from management in addition to those areas normally covered by our standard representation letter.</p>                                                                                                                                                                                                                                                                                           |

| Matter                                                  | How the matter was addressed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Probity, waste and performance</b>                   | <p>We are required to consider whether any approved payments could be considered extravagant or wasteful or show a lack of probity or financial prudence. We did not identify one issues of concern with respect to probity of expenditure.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Publishing Annual Report on the School's Website</b> | <p>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 trustees, Kiwisport statement and statement of compliance with employment policy.</p> <p>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.</p> <p>We note that you have published your prior year Annual Report on the School's website.</p> |

## APPENDIX 1 - ADJUSTED AND UNADJUSTED DIFFERENCES

### ADJUSTED

We have found no adjusted differences during our audit.

### UNADJUSTED DIFFERENCES

We have found no unadjusted differences during our audit.