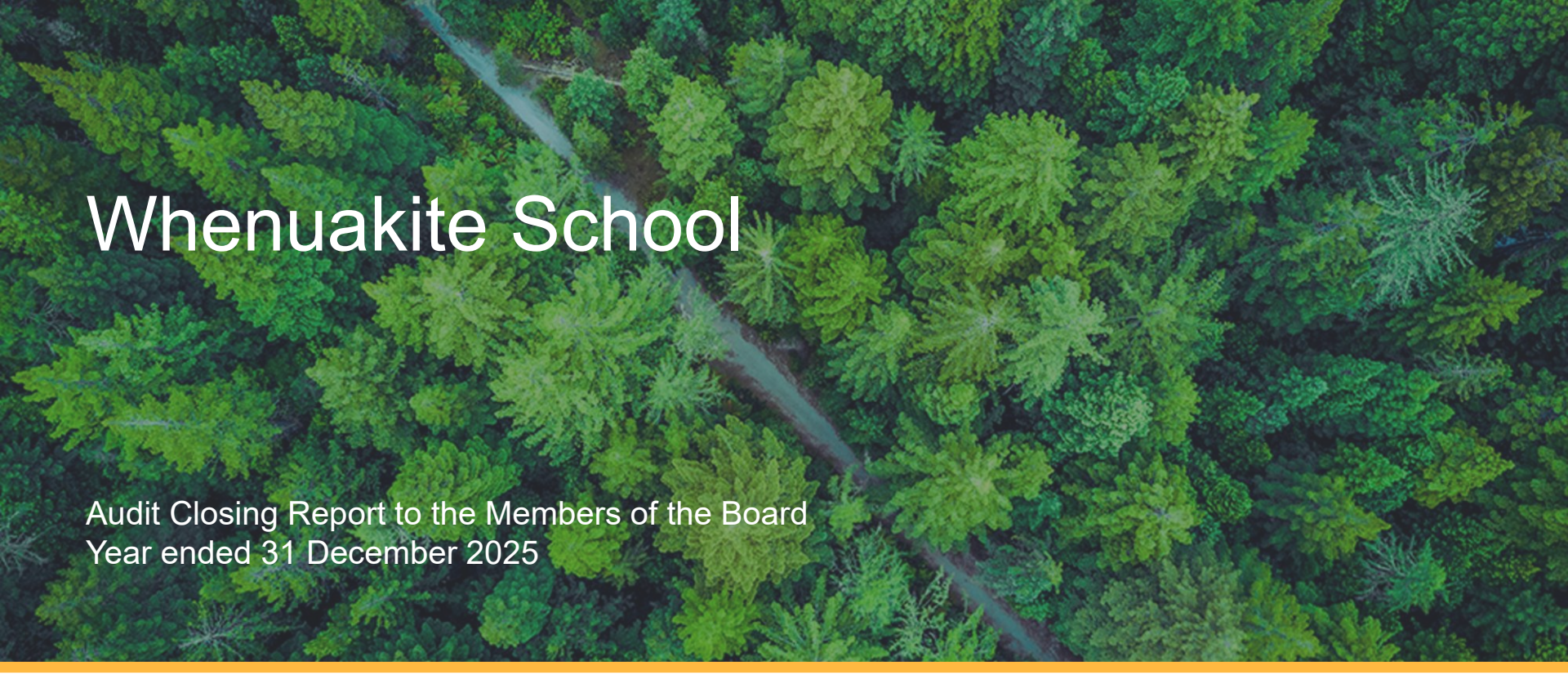

# Whenuakite School

Audit Closing Report to the Members of the Board
Year ended 31 December 2025

William Buck

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# Audit summary

## Whenuakite School

We are pleased to present our report for the audit of Whenuakite School for the year ended 31 December 2025.

We'd like to express our appreciation for the cooperation and assistance which we received during the course of our audit from all the staff at the school and from the team at your accounting service provider.

This report summarises our audit approach and findings as well as providing any recommendations for areas of improvement identified during the audit process. Our examination may not have identified, and should not be relied upon to identify, all control weaknesses that may exist.

**Independence**

Our independence has been confirmed by all engagement team members.

**Audit Opinion**

We issued an unmodified audit opinion over the financial report for the year ended 31 December 2025.

**Responsibility for the Financial Report**

The Board is responsible for preparing financial statements in accordance with the Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).

The responsibility for producing the financial report and ensuring adequate internal controls and sound business practices is the responsibility of management and is a part of management's overall responsibility for the ongoing activities of the School.

**Audit Focus Areas Identified**

- Cyclical Maintenance provision
- Management override of controls
- Fraud risk in revenue
- Probity of expenses

**Areas of improvement**

- There were no Areas of improvements to disclose

Our audit work does not examine all transactions of the School. We test significant transactions and select a sample of other transactions. We apply a principle of materiality throughout our testing.
We trust that you find this report informative, and we appreciate the opportunity to be of service to you.
If you have any queries or wish to discuss any issues further, please do not hesitate to contact me.
Nāku noa, nā

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# Audit focus areas

We identified the following risk areas within the financial report. We have summarised areas with significant risk or material adjustments below:

| Focus area | Risk | Management judgement | Material adjustment | Area of improvement |
|---|---|---|---|---|
| Cyclical Maintenance provision | Higher | ✓ | - | - |
| Management override of controls | Significant | ✓ | - | - |
| Fraud risk in revenue | Higher | - | - | - |
| Probity of expenses | Higher | - | - | - |

**Legend**

| Significant | Higher |
|---|---|
| Matters identified which had a high impact on the financial statements and/or audit. | Matters identified which had a moderate impact on the financial statements and/or audit. |

# Audit focus areas

## CYCLICAL MAINTENANCE PROVISION

| Description of risk |
| --- |
| One of the key areas of audit focus from the Office of the Audit General (OAG) is Cyclical Maintenance Provision (CMP). This is a key subjective item in the financial statements which requires annual assessment by both School Management and the Board. |

| Audit approach | Testing approach | Summary of results |
| --- | --- | --- |
| Our procedures include:<br>— Testing the methodology and calculations<br>— Reviewing experts' opinions<br>— Testing for completeness<br>— Testing of underlying assumptions<br>— Analysis of recent maintenance expenditure<br>— Review the Schools 10 year property plan<br>— Reviewing the Boards assessment of the Cyclical Maintenance programme | <br>*A purely substantive approach, uses William Buck sample methodology to select samples for testing to supporting documents combined with analytical procedures which identify unexpected variances and changes year on year.*<br>*A more controls-based approach, uses William Buck sample methodology to test key controls over significant risk items.* | The cyclical maintenance provision is fairly stated.<br>No matters were identified in the course of the audit to report to you.<br>Based on our testing we did not note any material error in the CMP at 31 December 2025. |

# Audit focus areas

## MANAGEMENT OVERRIDE OF CONTROLS

| Description of risk |
| --- |
| Risk of management override of controls includes how those charged with governance exercise oversight of management's processes for identifying and responding to risk of fraud and the internal control that management has established to mitigate these risks. Journals, by nature, are higher risk because they can be posted to the general ledger to manipulate the accounting records, potentially to conceal errors, fraudulent behaviour or budget overspends. Many Schools contract out the accounting function to third party service providers, but ultimately it is the Board Members that are responsible for the School's accounting function. |

### Audit approach

Our procedures include:

- Obtain a list of all Journal Entries for the year, from both the School and external providers.
- Test the list for completeness.
- Review the School's internal controls over the Journal Entry process.
- Focus on year-end journal entries.
- Test large, unusual, or non-recurring journal entries.
- Examine supporting documentation for Journal Entries.

### Testing approach

### Summary of results

We have identified no material deficiencies in the School's system of internal controls surrounding Journal entries. The School should be aware that Journal Entries can easily be subject to fraud and errors.

# Audit focus areas

## FRAUD RISK IN REVENUE

| Description of risk |
| --- |
| It is the obligation of the Board Members to ensure that management have established appropriate systems of internal controls to ensure the completeness of all income - regardless of source. This means that all funds due to, and paid to, the School are correctly and appropriately banked in the School's bank accounts and appropriately recorded. We consider that the risk for Schools relates to non-MOE items such as School donations, activity fees (if School did not opt into the Donation Scheme) and fundraising activities. |

### Audit approach

We perform the following procedures:

- Examine the Schools system of internal controls to ensure that all revenue due to the School is appropriately recorded.
- Audit the systems, processes and policies
- Complete Substantive Analytical Review procedures where applicable.
- Testing of reconciliations and other supporting information/documentation maintained by the School.
- Validation of revenue through expense testing.

### Testing approach

### Summary of results

No audit adjustments were identified as a result of our testing of Locally Raised Funds.

No matters were identified in the course of the audit to report to you.

# Audit focus areas

## PROBITY OF EXPENSES

| Description of risk |
| --- |
| Whilst carrying out our audit, on behalf of the Office of the Controller and Auditor General (“OAG”), we have been asked to consider whether any approved payments could be considered extravagant or wasteful or show a lack of probity or financial prudence. One of the internal control objectives, and key audit risks, relates to Sensitive Expenditure. |

| Audit approach | Testing approach | Summary of results |
| --- | --- | --- |
| Our audit approach includes significant focus on testing of the probity of expenditure. We pay particular attention to:<br>— Sensitive expense categories<br>— Credit card payments<br>— Payments to the Principal<br>— Staff reimbursements<br>— Expense claims<br>— Payments to consultants. | | We have completed a detailed review of all sensitive expense categories and inspected numerous detailed supporting documentation.<br><br>We did not have any audit adjustments arising from our testing of sensitive expenditure. |

# Summary of audit reclassifications

| Name | Debit | Credit |
|---|---|---|
| Donations and Bequests | | (10,000) |
| Fundraising and Community Grants | | (35,615) |
| Other Revenue | 45,615 | |
| Reclassifying Other Reveune to correct classification - Fundraising and Community Grants & Donations and Bequests | | |

# Communication of other matters

## Required communications with management and governance

**Disagreements with management or significant difficulties**
There have been no disagreements with management in completing the audit.

**Independence**
The engagement team and others in the firm as appropriate, the firm and network firms are independent in accordance with relevant ethical requirements and any regulatory requirements that apply to the audit engagement.

**Other communications with management**
Retention monies relating to construction contracts must be held in a separate bank account that meets the requirement of the relevant legislation. These funds should be kept in a specified bank account or an account used for trust money and must be readily identifiable and available to meet retention obligations.

There have been no other significant discussions with management that have not been reported to you or included in this report.

**Non-audit fees**
We have not charged any non-audit related fees to the School in the period under review. Any other services, which we may provide from time to time, at your request, are distinct from our function as auditors.These additional services can only be provided where they do not impair our independence.
We have implemented policies and procedures designed to deliver high quality services in line with our professional obligations. Our Transparency Report describes our Systems of Quality Management.

**Fraud**
We have not identified or been notified by your office of any circumstances of fraud.

**Going concern**
During the audit there have been no material uncertainties that may cast significant doubt on the School's ability to continue as a going concern and require further consideration or disclosure within the financial report.

**Use of other auditors and specialists**
William Buck did not require the assistance of another audit firm or specialist in performing the audit of the School.

**Laws and regulations**
There has been no evidence that the School has not complied with laws and regulations pertaining to the School.

# Communication of other matters

## Required communications with management and governance

**Annual Report**
The Education and Training Act 2020 requires you to publish your Annual Report on-line. Your Annual Report contains your audited annual financial statements including our audit opinion, analysis of variance, list of Board Members, Kiwisport statement and Good Employer compliance. 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.

Please ensure that once your 2025 Annual Report is submitted to the Ministry it is also published on your website. If you do not have a website, contact the Ministry of Education for guidance.

**Related Parties - Conflict of Interest**
The risk of conflicts of interest in small communities, which many schools operate in, is inherently high, because the Board, Principal, and other employees are often living in the same communities their school services. There is a particular risk of conflict in the decision-making processes used to appoint new employees and contractors, as well as the purchase of goods and services. However, having a conflict of interest does not necessarily mean you have done anything wrong, what is important is how the conflict is managed.

The Office of the Auditor-General have a good practice guide on managing conflicts of interest as well as other resources, available on its website. We encourage you to make use of these resources.

**Good Employer**
Section 597 of the Education and Training Act requires the Board to have an employment policy that complies with the principle of being a good employer. The Board must make the policy available to employees, ensure its compliance with the policy, and report on the extent of that compliance in its annual report.

# Helpful resources

## Resources for management and governance

**Cyclical Maintenance**
The Ministry have published the updated cyclical maintenance guidance/tools on its website and the information in the Financial Information for Schools Handbook has also been updated. The updated guidance includes resources to help schools complete their cyclical maintenance provision calculations and provides guidance on what supporting documentation to retain as evidence for a school's annual audit.

**Fraud Risk**
Discouraging fraud - Office of the Auditor-General New Zealand (oag.parliament.nz)

**Segregation of duties**
The Ministry have also recently published an internal control checklist and a segregation of duties matrix which schools may find useful when assessing the adequacy of their internal controls - Managing school finances - internal control resources. Further guidance on internal controls can be found in section 7.7.1 of the Financial Information for Schools Handbook.

Your payroll system is allowing you to view the history activity report. This report should now be used and reviewed in a timely basis for further guidance can be found on the Ministry of Education Website.

**Sensitive Expenditure**
More information can be found in the Office of the Auditor-General's good practice guide on Controlling sensitive expenditure: Guide for public organisations which includes practical guidance on specific types of sensitive expenditure.

Principles-based approach:
The basics - Office of the Auditor-General New Zealand (oag.parliament.nz)
We recommend the Board consider these principles when making decisions about sensitive expenditure. We highlight to the Board Members the importance of ensuring appropriate controls over Sensitive Expenditure, and to remain up to date with Ministry of Education ("MOE") guidelines.

# Ngā Mihi

This report is prepared on the basis of the limitations set out below.

This report is prepared solely for the information of those charged with governance and is not intended for any other prurposes. We accept no responsibility to a third party who uses this report. The matters raised in this report are only that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the weakenesses that exist or improvements that might be made.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to indentify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Our comments should be read in the context of the scope of our work. Findings within this report may have been prepared onthe basis of management representations. Suggestions for improvement should be assessed by the entity for their full commercial impact before they are implemented.

This report has been prepared solely for your use as management of the entityand should not be quoted in whole or in part without prior written consent. No repsonsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

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