Ladbrooks School

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

BDO

Letter From the Engagement Partner

1 October 2025

Bridie McKinnon
The Presiding Member
Ladbrooks School

cc. Sean Wansbrough

Dear Bridie,

It is our pleasure to present our Audit Completion report for our audit of Ladbrooks School's Financial Statements for the year ended 31 December 2024.

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

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

Yours faithfully,
BDO Christchurch Audit Limited

Michael Rondel
Partner
Audit & Assurance Services

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1. Executive Summary

Status	Audit complete
Opinion	Unmodified
Adjustments	See Appendix 1 for details

SUMMARY OF FINDINGS

Internal Controls
No significant issues

Co-operation
Full

Fraud
None identified

AUDIT FOCUS AREA

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:

1. Locally Raised Funds
2. Payroll Controls
3. Cyclical Maintenance Provision
4. 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.

1. Executive Summary

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.

AUDIT SCOPE & OBJECTIVES

Our audit objectives are to:

- report on whether the financial statements are presented fairly in all material respects; 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.

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 not identified any material weaknesses in internal controls relating to the prevention and detection of fraud and error that have impacted on our ability to provide an opinion on the financial statements for the year ended 31 December 2024.

2. Key Audit Risks & 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. Refer to Appendix 1 for any Adjusted/Unadjusted difference.

PAYROLL CONTROLS	
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 and underlying payroll changes report at the School.	We found no issues regarding the payroll expenses recorded in financial statements. We also refer you to Appendix 2 of this report for a number of payroll advisory points.

2. Key Audit Risks & Areas of Audit Emphasis

CYCLICAL MAINTENANCE PROVISION	
AREA OF AUDIT EMPHASIS	**CONCLUSION / RESPONSE**
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 School Property Plan (SPP) and cyclical maintenance calculation need to be prepared and/or reviewed by an expert.	We found no issues regarding the provision for cyclical maintenance recorded in the financial statements.

MANAGEMENT OVERRIDE	
AREA OF AUDIT EMPHASIS	**CONCLUSION / RESPONSE**
There is a non-rebuttable presumption under the Auditing Standards that management override presents a significant risk of material misstatement to the financial statements.	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. We also refer you to Appendix 2 Management Override – Review of Journals Advisory point.

3. 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. This report should be read in conjunction with the Interim Audit Plan that we issued at the conclusion of our interim audit procedures

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.

There were no new findings identified during the final year end audit procedures that we need to bring to your attention.

Appendices

Adjusted and Unadjusted Differences

ADJUSTED DIFFERENCES

The following misstatements **have been identified and adjusted** during the course of our audit.

	Assets	Liabilities	Reserves	Profit
	Dr(Cr)	Dr(Cr)	Dr(Cr)	Dr(Cr)
	$	$	$	$
Cyclical Maintenance Provision updated to plan	-	73,861	-	(73,861)
	-	-	-	-
TOTAL ADJUSTED DIFFERENCES	-	73,861	-	(73,861)

Adjusted and Unadjusted Differences

UNADJUSTED DIFFERENCES

The following misstatement has been identified during the course of our audit, and **have not been adjusted** as they were considered by management not to be material:

	Assets	Liabilities	Reserves	Profit
	Dr(Cr)	Dr(Cr)	Dr(Cr)	Dr(Cr)
	$	$	$	$
There are no unadjusted audit differences.				

Advisory Points

We include the following points as general advisory points. These are points which are relevant to majority of schools.

BDO CHRISTCHURCH AS THE SCHOOLS AUDITOR

The Auditor-General is the statutory auditor of the Board under section 14 of the Public Audit Act 2001. The Auditor-General has appointed BDO Christchurch Audit Limited under section 32 and 33 of the Act, to carry out the annual audits of the Board's financial statements for the three years ended 31 December 2024, 31 December 2025 and 31 December 2026.

As part of the appointment process the school was required to sign a new engagement letter. This engagement letter was signed by either the Principal or Presiding Member at the time (November 2024).

However, as this letter remains in effect for the full year cycle during which there may be changes in the schools Principal and/or Presiding Member it should be approved by the full board.

We therefore recommend the board table the signed engagement letter and approve the motion below at their next Board meeting.

'Motion to Approve Audit Engagement

I move from the Chair that the board approve the audit engagement with BDO Christchurch Audit Limited for the years ending 31 December 2024 to 31 December 2026.'

MANAGEMENT OVERRIDE – REVIEW OF JOURNALS ADVISORY

Many school finance administrators have access to record journals in the school's general ledger. A common audit finding, however, is that there is no independent review of the journals posted.

The Ministry of Education (MOE), in their publication "Internal Control Checklist" notes that a good control includes an appropriate segregation of duties. This is the concept of having more than one person required in the process to complete a task, which reduces the risk of error and fraud because it requires more than one person to participate in the error or fraud. This control applies to manual journal entries recorded in the school's general ledger.

The key internal controls recommended for financial reporting are:

1. The board review monthly management accounts prepared by management or service provider
2. The review of monthly management accounts includes a review of actual income or expenditure against the approved budget, with an explanation of variances
3. The board review the draft financial statements prepared by management or service provider before providing to the auditors, before the statutory deadline of 31 March each year
4. The listing of manual journals is included in the monthly financial report and reviewed by the board

The MOE Internal Control Checklist is located here:
https://www.education.govt.nz/education-professionals/schools-year-0-13/funding-and-financials/day-day-financial-management#protecting-your-school-from-fraud-1

Advisory Points

FULL BUDGET PREPARATION

Section 11(i) of the Education (School Planning and Reporting) Regulations 2023 requires each school to disclose budgeted figures in the statement of revenue and expenses, the statement of its assets and liabilities (balance sheet), and the statement of its cash flows.

The budgeted amounts disclosed in the annual financial statements should be from the Board approved budget at the start of the year.

If your school does not already prepare a budgeted Statement of Financial Position and Statement of Cash flows at the start of each year as part of the budget setting routine, we recommend this be done for the next financial year.

It is important to consider the budgeted financial position of the school and its future cash flows to ensure that Boards can effectively manage their schools working capital and cash flows, as well as possible legislative requirements, such as borrowing limits.

CONSTRUCTION CONTRACTS (RETENTION MONEY) AMENDMENT ACT 2023

The Construction Contracts (Retention Money) Amendment Act 2023 (2023 Amendment Act) ("the "Act"), which applies to all contracts entered into or renewed from 5 October 2023.

The Act introduces new requirements for retention money held. Schools that hold retentions on their construction projects will have to comply with the new requirements from 5 October 2023. This includes holding retention money in a separate bank account and reporting obligations. It is important to note that the Act introduces harsh penalties for entities that do not comply.

For schools that hold retention money for capital works projects, we recommend that you discuss the requirements with your Accounting Service Provider. If applicable, you need to establish systems to ensure compliance.

For advice on how to set up bank accounts for this purpose, you can get in touch with your Ministry School Finance Advisor.

PAYROLL ADVISORY

REVIEW OF EDPAY TRANSACTION REPORTS (ACTIVITY, TIMESHEET AND LEAVE HISTORIES REPORTS)

The EdPay system relies on the school checking the accuracy of the payroll transactions processed as this information is not checked centrally. Therefore, we continue to recommend that the independent reviewer receives and reviews these reports along with the fortnightly SUE Report.

If your school is not reviewing these reports we refer you to the advice from Edpay:

"The transactions recorded in the activity, timesheet and leave histories should be checked each pay period, prior to payment, to ensure they match authorisations"

Guidance can be located here:

https://www.edpay.govt.nz/Site/Training/authorisation/checking-transactions-using-the-activity-history.aspx

AUDIT COMPLETION

Our audit was practically completed by the 14th July 2025. Confirmation that there has been no subsequent events was carried out between this date and the date of audit report (1st October 2025).

Required Communications

AUDITORS RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

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.

CONFIRMATION OF AUDIT INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of AG PES-1 Code of Ethics for Assurance Practitioners issued by the External Reporting Board.

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.

For the comfort of the Board, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement partner or the OAG.
- All services performed by any national BDO office will be reported to the governing body.

There were no other services provided by BDO Christchurch during the year.

MANAGEMENT JUDGEMENTS AND ESTIMATES

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 2024 appear reasonable. Key matters impacting on our audit have been raised in sections 2 and 3 of this report if applicable.

ACCOUNTING POLICIES

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.

MATTERS REQUIRING BOARD OF TRUSTEE INPUT

We have placed reliance on the Board's review and approval of the following matters:

- Minutes of the Board meetings;
- Implementation of such controls as is needed to ensure that financial statements are presented fairly;
- Management accounts;
- Annual budget;
- School Property Plan (SPP)/maintenance plan;
- Notification of fraud; and
- Financial statements.

Required Communications

GOING CONCERN

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.

We identified no issues or concerns that led us to conclude the going concern assumption could not be relied upon.

FRAUD

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.

COMPLIANCE WITH LAWS AND REGULATIONS

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.

SIGNIFICANT FINDINGS FROM THE AUDIT

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.

DISAGREEMENTS WITH MANAGEMENT

There have been no disagreements with management over matters of significance to the audit.

DIFFICULTIES ENCOUNTERED DURING THE AUDIT

There have been no significant difficulties encountered during the audit.

CONSULTATIONS WITH OTHER ACCOUNTANTS AND CONSULTANTS

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.

MANAGEMENT REPRESENTATION LETTER

We have not requested specific representation from management in addition to those areas normally covered by our standard representation letter.

PROBITY, WASTE AND PERFORMANCE

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 any issues of concern with respect to probity, waste and performance.

PUBLISHING ANNUAL REPORT ON THE SCHOOL'S WEBSITE

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, list of board members, Statement of Responsibility, Statement of Variance Reporting, Maths and Literacy Achievement 2024, Compliance Report with Employment Policies, Te Tiriti o Waitangi Report and Kiwisport statement.

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.

We note that you have published your prior year Annual Report on the School's website.

CONTACT

For more information please contact:

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We have prepared this report solely for the use of Ladbrooks School. This report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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