

5 September 2023

The Board of Trustees
Te Kura O Otangarei

Dear Board of Trustees,

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Te Kura O Otangarei – Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2022. 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 is one matter arising and observations from our audit work which we now bring to your attention.

Segregation of Duties

In any organisation 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 places a great responsibility and burden of trust upon the person who has this control.



The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error, or unrecorded transactions.

We note that the person who opens the writes the receipt is the same person who does the reconciles receipts and banking. In our view this is a weakness in the internal controls of the school. Please note we wish to point out that nothing in our review of your systems has lead us in any way to question the integrity of any employee.

It is recommended that a separate person should receipt cash such as the office person and then the administration person can receipt, and bank money received.

Improvement In Your Financial Position

We would like to congratulate the school for the surplus achieved in the 2022 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

This point is 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

