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30 July 2026

The Board of Trustees

Te Kura O Otangarei

Dear Board of Trustees

Te Kura O Otangarei - Audit Management Letter

We have completed the audit of your financial statements for the year ended 31 December 2025.

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 are a number of matters arising and observations from our audit work which we now bring to your attention.

Evidence of Authorisation of Invoices

During our testing of the control environment, we noted that some creditor's invoices lacked physical evidence that they had been authorised for payment. The approval of invoices prior to their payment helps ensure that they are valid and correct and is an essential internal control in any business. This approval should be evidenced on the invoice by an initial or signature of the approver.

We recommend that all invoices be evidenced as authorised by the delegated person by initialling or signing the invoice prior to their payment.

Invoice Missing

One suppliers' invoice was not available in support of payments. In most circumstances GST cannot be claimed without a tax invoice. Under both the GST Act and Income Tax Act, the School is required to keep all invoices for seven years.

We recommend that payments only be made on receipt of an invoice and that all invoices be retained for the required statutory period.

Bulk Employee Remuneration

When comparing bulk funded employees to your operating grant, we noted that this amounted to73% of the operating grant. In our view this is high being above the recommended 66% and we believe the board needs to monitor its operating expenses accordingly.

It is recommended that the board needs to monitor its operating expenses with such a high percentage of operating grant income being expended on payroll.

Deficit Budget

We note that a significant deficit budget has been prepared and approved by the board for 2026. We are concerned that continued deficit budgeting, if achieved, will result in a further deterioration of your school's equity.

Whilst deficit budgeting may appear to be warranted when preparing the budget, we urge caution in the use of this approach. In our view it is vital for the board to remain diligent over ways in which to improve the actual results against the budgeted deficit during the upcoming school year and to ensure that spending does not exceed those amounts approved by the board.

We do acknowledge that the school has adequate resources available to fund the forecast deficit.

Audit Adjustments

Please find attached a list of adjusted errors found during the course of our work.

Conclusion

These points are 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.

Thank you to your team who assisted us in the completion of our audit work. Please feel free to contact us to discuss your proposed responses to our recommendations or if you have any questions on any issues raised.

Yours faithfully

Steve Bennett
Bennett and Associates