MOORE Oldershaw Audit

Audit and Assurance

Report to the Board

Tamatea High School

For the year ended 31 December 2024

Helping you thrive in a changing world

31 October 2025

Jesse Te Weehi
Principal
Tamatea High School
61 Freyberg Avenue, Greenmeadows
Napier 4112

Dear Jesse

REPORT TO THE BOARD: YEAR ENDED 31 DECEMBER 2024

We have completed the audit of your School's financial statements for the year ended 31 December 2024.

Please find attached our Report to the Board in connection with the audit. We will formally issue the Report, incorporating the written responses received from the Principal, within two weeks. We will take it that no response received with this time is indicative of your acceptance of the points raised as being accepted and noted.

We would like to emphasise that our audit work involves the review of only those systems of internal 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 internal control weaknesses that may exist.

We take this opportunity to thank the staff of your School for the co-operation provided to us during the course of the audit.

If we can be of further assistance, please advise.

Kind regards
Moore Oldershaw Audit

Marc Nel
Appointed Auditor / Partner
Marc@oldershaw.co.nz

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Introduction

Report purpose

This report details the processes, findings and recommendations from our audit of Tamatea High School's (the School's) financial statements in accordance with International Standards on Auditing (NZ) ("ISA (NZ)") and the terms of our engagement as set out in our audit engagement letter.

We would like to thank the Principal and the staff of the School for their cooperation extended to us during the course of the audit.

Audit opinion

We have issued an unqualified audit opinion on the financial statements of the School for the year ended 31 December 2024.

Audit scope and responsibilities

As auditors of the School we are responsible for forming and expressing an opinion on the financial statements prepared by management with the oversight of governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities in relation to its preparation.

Overall, we are satisfied that the School has presented its results at the reporting date to an adequate level of compliance with applicable financial reporting standards.

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 on for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

Confirmation of audit independence

In conducting our audit, we are required to comply with the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards 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 those charged with governance, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any Moore Markhams office without the express approval of the audit engagement partner
- All services performed by any national Moore Markhams office will be reported to the those charged with governance.

We have no other relationship with, or interests in, the School.

Risk assessment conclusions

We have set out below our findings in areas we have identified as key audit risks. We request that you review these outcomes on the significant accounting and audit matters identified to ensure that there are no further residual considerations or matters that could impact these issues, and that you concur with the resolution of the identified risks

Risk identified	Background	Conclusion from work performed
Management override of controls	There is a risk that controls can be circumvented by those in positions of management or governance, with a view to manipulating accounting records. Under ISA (NZ) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', management override of controls is a presumed significant risk, upon which material misstatement could occur within the financial statements.	We found no evidence of management override of controls giving rise to material misstatement. Any deficiencies in internal controls that we have identified have been reported in the overall result section within this report.
Revenue recognition: Material misstatement due to fraud or error	Under ISA (NZ) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', misstatement of revenue due to fraud or error is a rebuttable presumed significant risk upon which material misstatement could occur within the financial statements.	We documented and tested those financial statements areas where there might be the motivation or opportunity for misstatement of revenue due to fraud and or error. We considered whether there was any indication of such activity. Nothing untoward was identified from our procedures performed.
Locally Raised Funds income	Due to the nature of locally raised funds, often being cash, there is a risk of material misstatement around the completeness of locally raised funds income.	From our audit procedures performed, which included analytical reviews incorporating margin analysis comparisons, cut-off tests, and verification to supporting documentation. We found no exceptions regarding locally raised funds income and the related expenses in the financial statements.

Edpay and Payroll	The Ministry of Education (the Ministry) is unable to place sufficient reliance over Edpay at this time and requires specific additional assurances at a school level over the processing of payroll nationally using Edpay. There is residual risk of material misstatement.	In accordance with our instructions from the OAG we have performed additional audit procedures at a local level over Payroll in response to the risk of material misstatement. Our analytical reviews and detailed testing procedures did not reveal any material exceptions, and we were able to take assurance over the completeness, existence and accuracy of payroll expenses.
Cyclical Maintenance Provision	Cyclical Maintenance is an area of judgment and complexity that could lead to material misstatement in the financial statements. For schools to be able to calculate the appropriate cyclical maintenance provision a 10 Year Property Plan (10YPP) needs to be prepared and/or reviewed and updated by an expert at timely intervals.	From our procedures performed we had not identified a significant / material misstatement in the provision for cyclical maintenance in the financial statements.

Other reporting matters

Management judgements and estimates

Under ISA (NZ) we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting policies, estimates, assumptions or valuation judgements.

The most significant areas of judgement, assumptions and estimates applied by management relate to:

- Provision for cyclical maintenance, and cyclical maintenance expense

We are not aware of any other sensitive accounting estimates, assumptions or valuation judgements made in the preparation of your School's financial statements.

Matters requiring input by those charged with governance

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

- Minutes of Board meetings;
- Management accounts;
- Implementation of such controls as is needed to ensure that the financial statements are presented fairly;
- Notification of fraud;
- 2024 and 2025 budgets
- The 10 Year Property Plan (Cyclical Maintenance Plan); and
- The financial statements.

Materiality and adjusted and unadjusted differences

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 for evaluating the financial statements. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

For any material misstatements which we may have identified and requested adjustment of within the financial statements, please refer to Appendix 1: Adjusted and Unadjusted differences.

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.

Going concern

Management and governance are required to make a formal assessment on going concern. Under Auditing Standards, we are required to review this assessment for appropriateness.

Paragraph 15 of ISA (NZ) 570 (Revised) states:

15. *The auditor shall enquire of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern.*

The assumption of going concern was concluded as appropriate.

Fraud risk

During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention in respect of the School. It should be noted that our audit is not designed to detect fraud however, should any instance of fraud come to our attention, we will report this 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.

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.

Payroll

We appreciate the issues created for the School by the introduction of the Novopay pay system in 2012. While this has created many issues at an administration level, for audit purposes we are required to be able to conclude the payroll expense recognised in the financial statements is materially correct.

The auditor of the Ministry of Education has reviewed your staff annual accrual report (SAAR) and concluded that we may be able to rely on it for the purposes of our audit. In addition the Principal and Presiding Member have reviewed this report and while acknowledging it may not be perfect, in substance it was found to be materially correct.

While we have relied on the work of the Ministry's auditor in conjunction with the Principal's and Presiding Member's assertions we have performed other procedures to gain the assurance we need that payroll is not materially misstated. We had performed:

- review of internal control procedures around the fortnightly payroll reports
- a reconciliation of the payroll per the general ledger and the financial statements to the Staff Annual Accrual Report (SAAR)
- a review of the schedule "Schools Detailed Leave Liability and Error Schedule Reports" for material items impacting on the financial statements
- existence testing on a sample of employees
- an analytic review by staff member for a sample of employees
- an analytic review of the reasonableness of the expense in aggregate; and
- disclosure checklist review around payroll are consistent with the guidance provided by the OAG.

Given the procedures above we are satisfied the payroll is materially correct for your School.

Audit readiness - significant difficulties encountered

We have received full and frank cooperation. There is nothing we wish to raise solely with those charged with governance.

We encountered delays in receipt of the following information as requested in our interim procedures email and annual financial statements audit email:

Interim procedures phase
Our interim procedures are integral to developing our audit planning strategy. Auditing Standards require that audit planning is completed before an annual financial statements audit can commence.

- Board Meeting Minutes up to November 2024
- Financial Delegations Listing
- Conflict of Interest Register
- ASB User Profile Report, Credit Card Holders and the Corresponding Limits, Token Serial Number for Each User Report
- One-Page Summary 10-Year Property Plan (10YPP)
- Staff Listing
- Approved Fortnightly SUE Report for September 2024
- Payroll System User Listing
- Credit Card statements
- Support for specific revenue and expenditure transactions requested
- Management accounts for the 9 months ending September 2024

Annual financial statements audit phase
The annual financial statements, supporting accounting work papers and other information were supplied to us by 31 March 2025, apart from the following information:

- Signed Fraud Risk Assessment, to assist with finalising the audit strategy
- Board Minutes from December 2024 to Date of Audit Sign-Off
- Approved Budget 2025 (excel copy)
- 10-Year Property Plan (10YPP) approved by the property expert
- Evidence of Ministry Approval for Any Capital Works Capitalised During the Year
- Reconciliation of Any Funds Held in Trust
- Pourato Report
- Supporting Document for Student Roll Applied and Approved for in the Ka Ora, Ka Ako Healthy School Lunches Programme
- Completed declaration for the principal's professional and wellbeing fund
- Edpay History report
- Support for specific revenue, sensitive expenditure and expenditure transactions requested
- Documentation for Community Grants Received
- Signed Payroll Certification Report
- Commitment note workings
- Other Information Reports: Statement of Variance, Evaluation of the School's Student Progress and Achievement, Report on How the School Has Given Effect to Te Tiriti o Waitangi

Additional communications and delays in receiving the requested information within the prescribed timeframes for both the interim procedures and the annual financial statement audit phases have adversely impacted the efficiency of our audit, resulting in greater than anticipated auditor professional time input and an extended completion timeline.

To assist with timely completion of subsequent audits, please ensure the items above are supplied within the time requested.

AUDIT FINDINGS – THE OVERALL RESULT

Audit findings – the overall result

Summary of findings

To enable management to set priorities on their action plans we have assessed our findings on the following basis, namely, urgent, necessary or beneficial based on our assessment of the importance of each finding. Classifications of findings are detailed in Appendix 2: Finding ratings.

These findings and recommendations have been provided to the School's management for comment.

There have not been any other significant matters arising during the audit that were discussed, or subject to correspondence with management, that have not otherwise been set out in this report.

	Urgent	Necessary	Beneficial
Number of findings	-	-	8

Provided below is a summary of key findings:

Item no	Findings and recommendations	Rating
1	Review of cyclical maintenance	Beneficial
2	Board approval of SUE Reports	Beneficial
3	Relivers	Beneficial
4	Budgeted balance sheet	Beneficial
5	Masterfile changes	Beneficial
6	Principal's Wellbeing fund usage declaration	Beneficial
7	Availability of credit card related documents and approval	Beneficial
8	Electronic supply of information	Beneficial

A detailed assessment of each finding is presented in the following pages.

1. Review of cyclical maintenance	Rating of finding: **Beneficial**
Background	
We could not sight evidence of formal discussion by the Board, confirming the reliability and appropriateness of the cyclical maintenance plan ("painting plan") or the 10YPP, in the School's Board minutes.	
Implications	
It is expected that schools have reliable information (i.e. an up-to-date 10YPP) to support their cyclical maintenance provision, unless there is significant uncertainty about the maintenance programme. 10YPPs usually provide for interior and exterior painting of a school, but can include other maintenance. The plans become less reliable when there are unexpected changes in the nature or timing of the planned work; or estimated costs; or the condition of the buildings, resulting from leaky buildings, earthquake strengthening issues or proposed major capital works as deemed by the MOE. Accordingly, MOE guidance provides that: • A new 10YPP must be formally submitted to the MOE every five years; • 10YPP must be approved by Board prior to submission to the MOE; and • Boards should review the 10YPP, on an annual basis, to assess whether updates to the plans are needed. Given the inherent complexity and judgement involved in a 10YPP, there is a risk of potential misstatement occurring in the financial statements.	
Recommendation	
We recommend that the Board annually table and review the 10YPP and supporting cyclical maintenance plan for reliability and appropriateness. This should take place toward the end of the year, with evidence formally recorded in the minutes once approved by the Board. Management take care to ensure the cyclical maintenance calculation correctly reflects the approved 10YPP and supporting cyclical maintenance plan.	
Management comments and actions	
Responsibility:	Target date:

2. Board approval of SUE Reports	Rating of finding: **Beneficial**
Background	
During our audit, we are required to test the controls that are in place in relation to the review of Staff Usage and Expenditure Reports (SUE reports). In all reports sampled, we could find no evidence that a review by a board member.	
Implications	
The absence of independent review of SUE Reports means that the Principal has the ability to change their own and/or other employees' payroll details, at any time, without oversight. Therefore, payroll change errors, whether inadvertently or fraudulently made, could go unnoticed and/or unquestioned. We did not find anything untoward during our testing.	
Recommendation	
We recommend a board member independently review and approve SUE reports periodically at board meetings, with this approval evidenced by way of signature or similar. This should be retained as a management trail.	
Management comments and actions	
Responsibility:	Target date:

3. Relivers	Rating of finding: **Beneficial**
Background	
There does not appear to be evidence of 'one up' approval of reliever who worked at the school during the financial year.	
Implications	
Although we did not identify anything untoward during our testing, the absence of independent review and approval of relievers time worked means that payroll errors, whether inadvertently or fraudulently made, could go unnoticed and/or unquestioned.	
Recommendation	
We recommend that time worked by relievers are evidenced as having been approved by an appropriate delegated authority.	
Management comments and actions	
Responsibility:	Target date:

4. Budgeted balance sheet

Rating of finding: **Beneficial**

Background

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

We note that your school's current year budget does not include all the statements required.

Implications

It is important to consider the budgeted financial position of the school and its future cash flows to ensure that the Board can effectively manage its working capital and cash flows, as well as possible legislative requirements, such as borrowing limits. The school It is also required to disclose the budgeted amounts for these statements in the annual financial statements. The budgeted amounts disclosed should be from the Board approved budget at the start of the year.

Recommendation

We recommend that the Board produce a budgeted Statement of Financial Position and Statement of Cash flows at the start of each year as part of your budget setting routine, to enable this to easily be included in the annual financial statements. These statements need to be prepared in sufficient detail so that the school can disclose budgeted amounts as required by the Kiwi Park model financial statements.

By disclosing budgeted amounts in your financial statements or disclosing amounts that do not agree to an approved budget can be considered a breach of legislation. Our usual approach to breaches of legislation related to a school's financial statements, is to request the school to disclose the breach, otherwise have the breach in the audit report.

Management comments and actions

Responsibility:	Target date:

5. Masterfile changes	Rating of finding: **Beneficial**
Background	
As part of our review of the process, we noted that there is no formal policy or documented procedure in place governing the creation or updating of supplier/vendor details in the school's accounting system, through which payments are processed.	
Implications	
While no material misstatements or instances of fraud have been identified to date, the absence of formal policies and procedures for supplier masterfile changes significantly increases the inherent risk of fraud and potential misstatements in financial reporting. Without proper controls, unauthorized individuals may create fictitious vendors, alter bank details, or manipulate supplier information to divert payments, which could lead to financial losses and errors that remain undetected.	
Recommendation	
We recommend that the School implement formal, documented policies and procedures for supplier masterfile changes, including clearly defined approval processes, access controls, and periodic reviews to strengthen governance and support accurate financial reporting.	
Management comments and actions	
Responsibility:	Target date:

6. Principal's Wellbeing fund usage declaration	Rating of finding: **Beneficial**

Background

We note per the section 4.4.5 PPTA 2023 'Wellbeing and Professional Support Entitlements for Principal' it states that Principals should make an annual declaration to the Board of their uptake and use of the funds by no later than the last day of Term 4 each year.

Additionally, it is required that this must be a written declaration, in a form similar to the example the PPTA have provided.

A signed annual declaration document in accordance with this guidance did not appear to have been prepared before the last day of Term 4. We note that this was only completed and provided to audit after being requested by audit.

Implications

The school would appear to be departing from the guidance issued by the PPTA in relation to the professional support entitlement.

Recommendation

We recommend that the school observe the guidance and example provided by the PPTA to formally track the school's usage of this professional support entitlement, including providing an annual written declaration regarding their uptake by no later than Term 4 of each year.

Management comments and actions

Responsibility:	Target date:

7. Availability of credit card related documents and approval	Rating of finding: **Beneficial**
Background	
During our testing over sensitive expenditure, it was noted that the supporting invoices/receipts and evidence of approval for the transactions selected for testing were in the boxes of manual records made available to audit. Whilst we were able to find evidence of approval and/or the underlying source document, for many of the transactions selected the team were unable to locate either within the boxes provided after several checks. Likewise, documents paid in January 2025 relating to the 2024 financial year were not made available.	
Implications	
While we did not note anything untoward during our procedures, the absence of related invoices and receipts could lead to inappropriate expenditure going through undetected.	
Recommendation	
We recommend grater care is taken to ensure all receipts and invoices are retained and attached to the credit card statements and are held by the school in a readily available electronic format.	
Management comments and actions	
Responsibility:	Target date:

8. Electronic supply of information	Rating of finding: **Beneficial**
Background	
The absence of an electronic system to retain relevant financial records can adversely affect a School's ability to reliably and efficiently maintain the finance function and provide an easily accessible management information trail. We noted the school had a large number of manual records, particularly relating to the school's expenditure. The absence of an electronic system to retain relevant financial records can adversely affect a School's ability to reliably and efficiently maintain the finance function and provide an easily accessible management information trail.	
Implications	
By using a system and having functionality of having information stored electronically as a central reference rather than paper manual records, this makes the information readily available for both the school and auditors. It also reduces the risk of paper records being misplaced or lost and the saves the cost of storage.	
Recommendation	
We recommend that The School should consider implementing an electronic system to assist with the record keeping of financial information relating to the school.	
Management comments and actions	
Responsibility:	Target date:

Appendix 1: adjusted and unadjusted differences

Adjusted differences

The following differences were identified arising from the audit that have been adjusted in the financial statements at our request.

Description	Assets	Liabilities	Equity (Reserves)	Net Surplus / (Deficit)
	$	$		$
Net surplus/(deficit) for the year	2,860,125	1,330,845	1,529,280	498,716
Recognition of Te Mana Tuuhono Grant	70,375		70,375	
Net effect of adjustments made:	70,375	-	70,375	-
Final net surplus/(deficit) for the year	2,931,763	1,331,659	1,600,104	498,716

We had also identified a small number of presentation differences and differences in the statement of cash flows arising from the audit that have been adjusted in the financial statements at our request.

Unadjusted differences

There were no unadjusted differences at the conclusion of the audit.

Appendix 2: finding ratings

The following framework for ratings has been developed to facilitate discussion with the School's management in order to prioritise issues according to their relative significance.

Rating	Definition
Urgent	Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the organisation to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, generally within six to 12 months These recommendations relate to areas where the organisation is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

Appendix 3: update on findings from previous years

Topic / issue	Description and recommendation	Update	Management's comment
	Nil		

Contact Us

For more information, visit www.oldershaw.co.nz

Moore Markhams is a network of independent firms that are each members of Moore Global Network Limited. Member firms in principal cities throughout the world. Markhams independent member firms in New Zealand are located in Auckland – Christchurch – Dunedin – Hawke's Bay – Queenstown – Wairarapa – Wanganui – Waverley - Wellington