



The Chairperson  
Board of Trustees  
Ebbett Park School  
Oliphant Road  
Hastings

14 April 2021

**The Board of Trustees Management Report In Respect of the Audit Of Ebbett Park School For The Year Ended 31<sup>st</sup> December 2020**

Dear Sir or Madam

In accordance with our engagement letter, we confirm we have completed our audit of Ebbett Park School ("the School") for the year ended 31 December 2020.

This letter sets out certain matters which came to our attention during the course of the audit as well as other required communications. These items may include matters of subjectivity and accounting issues.

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



### Our Key Areas Of Focus

Outlined below are the key risks we have considered for your School. We have identified the potential impact of these risks to your financial statements and we have tailored our audit approach accordingly.

Risk	Our Response
<p><b>Segregation of Duties</b> The ability of a key person to override or manipulate receipt or recording of school funds through the exercise of control and opportunity.</p> <p>It is important that no single person has control over, or access to, all aspects of recording and control of school funds.</p> <p>Not only does this provide opportunity for abuse of the school funds, but also puts a great responsibility and burden of trust on the person who has this control.</p>	<p>The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error or unrecorded transactions.</p> <p>We assessed the extent of the segregation of duties in the financial reporting process and our substantive audit approach was designed to respond to the control findings</p> <p>All schools will have segregation of duties risk but with careful monitoring and oversight by management and the Board this risk can be mitigated.</p>
<p><b>Management Override of Controls</b> The ability of management to override controls over the financial reporting process creates a fraud risk.</p>	<ul style="list-style-type: none"><li>• Our risk assessment process concluded that the risk of fraud from management override of controls was through processing manual journals.</li><li>• Our procedures included a risk based approach to testing manual journals that included assessment of unusual journals.</li><li>• We assessed the extent of the segregation of duties in the financial reporting process and our substantive audit approach was designed to respond to the control findings.</li></ul> <p>Our testing around manual journals has not identified any issues that management should be aware of.</p>
<p><b>Revenue</b> Completeness of revenue, particularly from locally raised funds, is a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• Updated our understanding of the processes relevant to the recognition of revenue. Designed our audit procedures to respond to the risk of a material misstatement in Revenue with a particular focus on ensuring that all revenue was properly captured in the reporting period.</li></ul> <p>Our testing around revenue has not identified any issues that management should be aware of.</p>



<b>Risk</b>	<b>Our Response</b>
<b>Payroll</b> The nature of the Novopay payroll system raises an inherent risk of a material misstatement through internal and/or external processing.	<p>We have:</p> <ul style="list-style-type: none"><li>• Assessed the results carried out by Ernst &amp; Young over the central processing of Novopay.</li><li>• Cleared any unusual transactions identified by this testing at the individual school level.</li><li>• Performed analytical review procedures and employee existence testing at the individual school level.</li></ul> <p>Our testing around payroll has not identified any issues that management should be aware of.</p>
<b>Probity and Financial Prudence</b> There is a risk that Crown funds may not be used for school related expenditure.	<p>We have:</p> <ul style="list-style-type: none"><li>• Considered the value, nature of transactions and the risk of fraud.</li><li>• Considered the Board of Trustees process for approval and monitoring of expenditure.</li></ul> <p>Our testing around probity and financial prudence has not identified any issues that management should be aware of.</p>

### **General Audit Approach**

The Board of Trustees is responsible for preparing financial statements in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand (PBE Standards RDR). These financial statements must reflect the financial position of the School at 31 December 2020 and the results of its operations for the year ended on that date. This responsibility is specified in the Crown Entities Act 2004 and Education Act 1989.

Our responsibilities include expressing an opinion on these statements, and accordingly our audit procedures are tailored to our assessment of risk of material misstatement in the financial statements.

We consider accounting controls at various levels and in overall terms. Obviously, we cannot in practice examine every operating activity or accounting procedure carried out by the School, nor can we substitute for the Board of Trustees' responsibility to maintain adequate controls at all levels of operations.

Our understanding of the internal control environment determines the nature and extent of our substantive tests of detail. Given the level and nature of the activities of the School, our audit approach has been largely substantive in nature.



### **Holidays Act Compliance**

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot be reasonably be quantified at 31 December 2020 a contingent liability for the school may exist. Disclosure around this potential contingency has been included in your financial statements.

### **Required Communications**

We are required by Generally Accepted Auditing Standards (GAAS) to report specific matters to you as follows:

- We noted no material changes in accounting policies.
- We note the School have prepared a 10 Year Property Plan as required by the Property Occupancy Document (POD) between the Ministry of Education and the Board of Trustees. It is a requirement that expenditure in terms of this Plan be monitored and that the Plan is updated annually for any changes in capital and maintenance needs. We understand the Board have revised their Plan and have included the updated figures into the 2020 financial statements.
- Other than the cyclical maintenance provision, there were no material accounts subject to management judgement, and no material accounting estimates were made in the determination of the account balances in the financial statements.
- No matters of material uncertainty were noted.
- We have not identified any inconsistent information in the documents containing audited financial information.
- Other than for compilation, monthly processing and normal school operational enquiries, we are not aware and have not been advised of management having consulted with other accountants or service providers.
- No material instances of non-compliance with laws and regulations were identified as part of the audit.
- No material instances of fraud were identified as part of the audit.
- No significant matters have arisen in relation to related parties.
- No issues were identified in sending out third party confirmations.
- Internal audit was not engaged as part of this audit

### **Independence**

We confirm that we are independent of the School. We are not aware of any relationships between PricewaterhouseCoopers and the School that, in our professional judgement, may reasonably be thought to impair our independence.



**Summary of Audit Findings**

There are a number of specific items which have audit significance, which we would like to bring to your attention:

- Timing
- Financial Result

Please refer to the appendix for further details.

**Summary of Audit Adjustments and Uncorrected Misstatements**

Attached in the Appendix is a summary of the audit adjustments made as well as any uncorrected misstatements (if applicable) for your information.

Also attached is a copy of the final Letter of Representation for your records.

We take this opportunity to thank Board members and School staff who we have dealt with for their co-operation and assistance during the course of the audit.

If you would like any further information please do not hesitate to contact either myself or Natasha Eastwood.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Dixon', written in a cursive style.

**John Dixon**  
**Partner**

john.j.dixon@pwc.com



## **EBBETT PARK SCHOOL**

### **Timing**

We congratulate the Board of Trustees in meeting its obligation to make its financial statements available for audit within 90 days of balance date. We appreciate that there are a number of demands made on schools during February/March and the school holiday in January effectively reduces the period available to prepare the financial statements.

### **Financial Result**

We would like to congratulate the Board of Trustees on the financial result for the year. A strong financial result ensures the School is in a good position to meet its future operational and capital needs as well as having the ability to deal with unexpected costs that may arise.



## **SUMMARY OF AUDIT ADJUSTMENTS MADE**

### **Measurement Adjustments Made To The Draft Financial Statements**

There were no adjustments made to the draft financial statements.

## **SUMMARY OF UNCORRECTED MISSTATEMENTS**

### **Measurement Adjustments Not Made To The Draft Financial Statements**

There were no uncorrected misstatements.

## **SUMMARY OF AUDIT ADJUSTMENTS**

### **Disclosure Adjustments Made To The Draft Financial Statements**

The following disclosure adjustments were made in the draft financial statements that provided for audit:

- Various disclosure notes adjusted for in the body of the financial statements as follows:
  - There were some immaterial alterations to disclosure of items and presentation.