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20 May 2025

The Presiding Member
Board of Trustees
Glen Eden School
3 Glenview Road
Glen Eden
Auckland 602

Dear Trustees,

Audit of your Financial Statements
For the year ended 31 December 2024

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

Upon completion of your audit, we will enclose a complete set of your school's financial statements together with our formal audit report issued on behalf of the Controller and Auditor-General, as required by legislation.

Please note that a PDF copy of the audit report and signed financial statements is required to be uploaded to the MOE's schools' data portal by 31 May 2025. We also remind you that you are also required to publish the final audited version of your annual report on your website.

This letter and accompanying report of Audit Findings includes observations on the school's accounting procedures. As the trustees are responsible for the financial operations of the school, we suggest this letter be considered at the next finance committee meeting and tabled at the next full board meeting.

Scope of the audit

Our audit is designed to provide an independent opinion on the board's financial statements which are a public document. As a secondary output of this work, we also report on matters relevant to your financial and management systems that have come to our attention and are significant.

We have performed procedures to audit the information presented in your annual financial statements. We have also relied on representations made by your school's management team, including your accounting service provider. We assess the results of procedures and representations made when forming our audit opinion.

To ensure your school receives the maximum benefit from our audit we have turned our focus to the future and set out in the attached report some matters for the attention of your board. Our motive is to offer objective and constructive advice so that the accounting function and related issues can be improved in the future. Please note that this letter is sent only to you, with a copy to the Office of the Controller & Auditor-General. We do not send a copy of this letter to the Ministry of Education or any other party.

Our sincere thanks

We would like to take this opportunity to thank your principal and your finance and administration team for their assistance and co-operation during our audit. The assistance from the school team greatly influences the efficiency of the whole audit process.

We would also like to thank the trustees for selecting RSM Hayes Audit as your auditors. We appreciate our relationship with your school and look forward to continuing to provide a valuable service to you.

Yours sincerely

Brendan Lyon
Audit Partner

Glen Eden School

Audit Findings

For the year ended 31 December 2024

1. Introduction

We set out below our findings from the audit work we have performed during the audit of your financial statements for the 2024 financial year. Matters raised in this report have been discussed with your management team during the audit fieldwork.

Our work focussed on the systems and controls set by your board and implemented by your management team, to the extent necessary in forming an audit opinion. Any matters arising from the audit are detailed in this letter.

2. Expected content of our formal audit report

Subject to receipt of signed financial statements, letter of representation, and final update of events subsequent to balance date, we expect to issue an unmodified audit report in our standard wording for the audit of schools.

3. Governance and risk management

Areas of significant audit focus

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process.

An independent audit of your financial statements is a key part of ensuring that your organisation has appropriate controls in place regarding financial management and financial reporting. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls including the detection and prevention of fraud, and financial statements.

While our audit necessarily involves evaluating your overall system of financial controls and reporting, the following are areas and issues we assessed as potentially significant risk areas in relation to your school during our audit. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity. In the case of your organisation in the current year these assessed areas of significant focus were as follows:

- Completeness of locally raised funds; and
- Potential for management override of controls, including ensuring controls in place are adequate especially where there is a lack of segregation of duties.

While not specifically identified as a significant risk, we maintained alertness for, and awareness of issues and risks related to the Auditor-General's concerns over effectiveness and efficiency, waste, and a lack of probity or financial prudence. This focus aims to ensure the appropriate expenditure of public money. During our audit, we reassessed your cyclical maintenance provision, which we had initially assessed as a significant focus area during our planning. Given the use of a suitably qualified expert, this is no longer considered a significant focus area.

In addition, we sought to ensure that your financial statements were in compliance with generally accepted accounting practice in New Zealand as appropriate to public benefit entities that qualify for, and apply, Tier 2 reporting standards. This involves considering whether Public Benefit Entity Standards - Reduced Disclosure Regime (PBE Standards RDR) have been appropriately complied with and that the mandatory Kiwi Park financial statements model has been followed.

We are pleased to advise that our testing of these assessed risks did not identify any significant issues or concerns. Any observations and recommendations related to these topics are detailed below.

Other governance and risk management matters

We are required by auditing standards to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management;
- We have not identified any breaches of legislation during our audit

- We have not identified any instances of fraud involving management, or any other frauds that caused a material misstatement of the financial statements; and

- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.

Audit independence

We reaffirm we are independent of your school, and that we have no relationship with your school that could impair our independence.

4. The Financial Statements

Unadjusted differences

There were no unadjusted differences from the results of our audit work.

Adjustments made

Appendix A identifies all journal differences posted at our request in the final financial statements.

5. Accounting systems and controls

As part of the RSM audit approach we evaluate the accounting systems established by the board to the extent that they could have a significant impact on the annual financial statements. The following observation are brought 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 an opportunity for abuse of the school funds, but also puts a great responsibility and burden of trust upon the person who has this control.

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

Significant portions of the day-to-day accounting functions are solely under the control of your office administrator, Louise Lyons. We wish to point out that nothing in our review of your systems has led us in any way to question the integrity of this employee. We appreciate that it would be difficult to segregate Louise's duties but with careful monitoring and oversight by management and the board this risk can be mitigated. A further control is someone else on your team being able to perform these tasks and this occurring occasionally such as when Louise takes leave.

Payroll controls

As previously reported, transaction reports showing changes between pay periods are now no longer available from EdPay. The EdPay system relies on schools checking the accuracy of the payroll transactions processed by the school, as this information is not checked centrally. Accordingly, there is a risk of payroll transactions being incorrectly processed, either due to fraud or error.

We do not consider that the review of the SUE report on its own is a strong enough control for schools to rely on to detect fraud or error, because it does not include details of changes to amounts paid, or masterfile changes such as bank account data. The lack of a complete masterfile change report could also potentially provide an opportunity for inappropriate or fraudulent changes to go undetected.

Accordingly, we were again unable to place reliance on your payroll controls operating effectively during the 2024 year. This has meant we have had to carry out additional audit procedures on payroll this year. These additional procedures have provided the necessary assurance over the payroll amounts in your financial statements.

We appreciate the absence of a transaction report showing masterfile changes limits your ability to implement appropriate controls around payroll. Your Board should however consider how it gets comfort that all changes are made with appropriate authorisation. Possible measures could include the preparation of a report of changes between each SUE report by using the Payroll Toolkit, or having an independent employee manually prepare such a report.

Without a list of all masterfile changes that could be reviewed and approved by a second independent person, this remains an area susceptible to fraud and error. We will again review the adequacy of processes and controls put in place during the 2025 audit.

Deficit amount on Extra Curricular Activities

During the 2024 financial year, the school received $4,328 from students for extra curricular activities bust spent $10,229, resulting in a deficit of $5,901.

We recommend the school closely monitors expenditure related to curricular activities to ensure that spending aligns with the income received. Overspending in this area may result in the use of government grants to cover the shortfall, which is not in line with the intended purpose of those grants. A regular review of activity budgets is encouraged to support financial sustainability.

Gagapit – Board funded capital works

During 2024, the school spent $9,470 excluding GST on building a Gagapit asset on school land. It was initially expensed but was adjusted as an asset on our request in the final financial statements (refer to Appendix A).

Boards may fund capital works projects with the help of the local community, but they do require approval from the Ministry. We recommend in future if you decide to fund an asset through the Board that you obtain prior approval from the Ministry.

6. Prior year recommendations

Prior Year Recommendation	Current Year Progress
Expenditure We recommended 'one-up' authorisation of principal reimbursements should be applied, where all principal expenses are approved by a member of the Board.	Implemented – we found no issues during our testing in 2024.
Ongoing deficit budgeting where surpluses achieved In our view, budgeting for deficits where in fact surpluses are expected or likely does not lend itself to accurate monitoring and optimal management of the income and expenditure during the year. We recommend that the Board review its budget-setting approach so that its estimates for income and expenditure consider past performance and the most realistic estimates for the coming year.	We note the school has prepared a deficit budget of $200,931 for 2025; however, a deficit of $1,740 was achieved for 2024. Therefore, the deficit budget prepared for 2024 was in line with actual results.
Credit card statements We suggested all relevant supporting documents be retained and attached to the credit card statements to provide support to the person authorising the expenditure and provide proof of valid expenditure for the organisation.	Implemented – we found no issues during our testing in 2024.

Appendix A

Journal adjustments made in the final financial statements at our request

Date	Name	Account No	Income Statement		Balance Sheet	
			DR	CR	DR	CR
31/12/2024	Minor Capital Works	75040		(9,469.56)		
31/12/2024	Orig Cost - Building Improvements	95211			9,469.56	
	To capitalise Gagapit asset that was previously expensed					