



# HOLY FAMILY SCHOOL (PORIRUA)

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED

31 DECEMBER 2024



21 May 2025

John Lafaele  
Presiding Member  
Holy Family School (Porirua)

Dear John,

We have pleasure in presenting our Audit Completion Report for our audit of the financial statements for Holy Family School's for the year 31 December 2024.

The report is intended solely for the use of the Board of the School and presents a summary of the more significant matters arising from our audit procedures in forming an audit opinion over the financial statements. It also includes reporting by us on matters we are required to under International Standards on Auditing.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation 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 may exist.

We take this opportunity to express our appreciation for the assistance and co-operation provided by Sue Goodin and Diana Fa'apo during the audit.

Yours faithfully,  
**BDO WELLINGTON AUDIT LIMITED**



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## TABLE OF CONTENTS

1. EXECUTIVE SUMMARY .....	1
2. KEY FINANCIAL STATEMENT AUDIT RISKS AND AREAS OF AUDIT EMPHASIS .....	2
3. INTERNAL CONTROL, EMERGING ISSUES AND OTHER AUDIT FINDINGS .....	5
4. REQUIRED COMMUNICATIONS WITH GOVERNANCE .....	8
APPENDIX 1 - ADJUSTED AND UNADJUSTED DIFFERENCES.....	11

## 1. EXECUTIVE SUMMARY

### STATUS OF THE AUDIT AND THE AUDIT OPINION

Our audit of Holy Family School (Porirua)'s (the "School") financial statements for the year ended 31 December 2024 is complete.

We have issued an unqualified audit opinion.

We welcome your feedback on the effectiveness of the audit process and are available to discuss our performance.

### AREAS OF SIGNIFICANT RISK AND AUDIT EMPHASIS

Our audit approach considered the inherent risks in your business, their potential impact on the financial statements and the associated risk mitigations and controls in place. The significant matters arising from our audit work are:

- Fraud Risk over Revenue Recognition/Completeness
- Payroll Controls
- Cyclical Maintenance Provision
- Management Override

We were able to obtain sufficient and appropriate audit evidence in respect to these items and have no significant findings to bring to your attention. Refer to Section 2 for our comments in respect to each significant risk and area of audit emphasis.

### SUMMARY OF UNCORRECTED MISSTATEMENTS

There were no errors left uncorrected at the conclusion of our audit.

### INTERNAL CONTROLS

Our audit approach requires us to obtain an understanding of an entity's internal controls in order to identify assess the risk of material misstatement of the financial statements whether due to fraud or error but is not designed to provide assurance over the overall effectiveness of controls operating within the School.

We have not identified any material weaknesses in internal controls relating to the prevention and detection of fraud and error that have impacted on our ability to provide an opinion on the financial statements for the year ended 31 December 2024.

We have received full and frank cooperation from management and staff in respect to our audit. There is nothing we wish to raise solely with the Board.

## 2. KEY FINANCIAL STATEMENT AUDIT RISKS AND AREAS OF AUDIT EMPHASIS

Our audit procedures were focused on those areas of the Schools's activities that are considered to represent the key audit risks identified during the risk assessment process undertaken and communicated with you through the audit arrangements letter at the planning phase of the audit. Below we present a summary of the identified key areas of risk and audit emphasis and our conclusions in relation to each matter. We are satisfied that these areas have been satisfactorily addressed through our audit processes.

### FRAUD RISK OVER REVENUE RECOGNITION / COMPLETENESS

Area of Audit Emphasis	Conclusion
There is a presumed fraud risk over the following Revenue streams; Government Grants, Other Grant and Donations, Fundraising Income.	We have developed an understanding of the systems and controls over revenue and assessed any weaknesses that may lead to fraud. We performed a walk-through test to verify the controls are in place and where controls are considered inadequate these have been reported to the school and we designed specific audit procedures to mitigate the risk of a material misstatement. We completed analytic procedures based off our expectations for Completeness of Parent Donations and Fundraising. We confirmed Government Grants to MOE Confirmation. We obtained material Grant documents to determine if Revenue has been correctly recognised based off return clauses within the agreements.  We noted there were no issues relating to the testing performed above, and all testing mentioned was performed.

### EXISTENCE OF RELIEVING STAFF

Area of Audit Emphasis	Conclusion
Relieving staff by virtue of the ad hoc and inconsistent terms of employment present a risk that they could be paid an incorrect amount or in error or that fake relievers are created as a means of committing fraud.	We obtained an understanding of the control environment around relievers and assessed the effectiveness of the design and implementation of those controls.

## CYCLICAL MAINTENANCE PROVISION

### Area of Audit Emphasis

Cyclical Maintenance is an area of judgment and could lead to material misstatement in the financial statements. Misstatements can occur due to:

- Incorrect dates for when painting was last done
- Incorrect dates for when the next paint is due
- The plan is incomplete in considering all buildings the Board is responsible for
- Inaccurate or out of date amounts for what the painting will cost
- The calculations are inaccurate

It is the responsibility of the Board to review the 10 Year Property Plan (10YPP) for Cyclical Maintenance annually and check the elements of the plan are accurate and remain appropriate. It is a statutory requirement to have the plan reviewed and updated by an expert every 3 years.

### Conclusion

We obtained and reviewed the School's 10YPP and any other supporting documentation to assess whether the provision at balance date is materially correct. We ensured that the 10YPP and the cyclical maintenance provision calculation have been updated recently, otherwise factored in the impact of inflation.

We raised a journal adjustment as per Appendix 1 to ensure the estimate is materially correct.

## MANAGEMENT OVERRIDE

### Area of Audit Emphasis

Management override is the terminology used to describe the fact that Management (the Principal, primary Administrator and your Accounting Service Provider) are in a position where they are able to circumvent the controls that are in place that protect the School against the risk of fraud. Under Auditing Standards we are required to assume that there is a risk that Management are able to do this and plan our audit procedures accordingly.

### Conclusion

We assessed the segregation of duties within your key financial areas such as local funds, expenses and payroll and identified the key controls that exist that help to prevent the risk of fraud. We considered where there may be an absence of controls in our stand back assessment of the effectiveness of the design and implementation of the overall control environment. Our audit procedures in the areas of key risk are designed to focus on the risk of fraud and material misstatement. Manual journals present an opportunity for fraud to occur through the manipulation of financial information to draw attention away from where fraud may have occurred. We reviewed manual journals and focused on any areas where a risk of judgement, estimation or cut-off risk existed with management override in mind. We noted no issues throughout our testing.

### 3. INTERNAL CONTROL, EMERGING ISSUES AND OTHER AUDIT FINDINGS

This section of the report sets out the key internal control findings we have identified during the course of the audit and highlights control deficiencies requiring management attention. Our work has been limited to those controls relevant to the audit of your statutory financial statements. The purpose of our audit work on controls is not to provide assurance in its own right on the internal controls and therefore we may not necessarily disclose all matters that might be significant deficiencies or deficiencies that heighten the risk of a fraud being perpetrated.

#### Professional Coaching and Wellbeing Support Expenditure - No Concurrence Obtained For Sensitive Expenditure

##### Finding

From a review of a sample of expenditure allocated to the Principal's professional coaching and wellbeing support funding, we noted a few costs that have the potential to provide private benefit during the attendance of the ULead Conference in Canada:

- Premium Economy class flights
- Additional stay before the conference

While we can see from the declaration approved by the Presiding Member that the board were satisfied that this met the criteria for the funding, this type of expenditure has the potential to provide a private benefit to the Principal.

The Board did not apply for concurrence for this expenditure. Payments made without approved concurrence may be unlawful. We note that the Ministry of Education does not provide concurrence retrospectively. If the school Board is to provide similar benefits in the future, they should apply for Ministry concurrence before the payment is made. Any additional benefits provided to the Principal might also attract Fringe Benefit Tax.

##### Recommendation

Concurrence from the Ministry of Education was required in this instance to maintain accountability and proper governance, ensuring that all financial decisions are made with appropriate oversight and justification.

Therefore, we recommend that the Board reviews the reasons why concurrence was not obtained for the additional payments and benefits provided to the Principal. It is essential to evaluate whether changes are necessary to the current processes to ensure compliance and transparency.

Management comments:

### Potentially inaccurate and Ongoing Deficit budgeting

#### Finding

In previous years, your school had budgeted for significant deficit results but has been able to return to a surplus or a much lower deficit than budgeted.

We note that the Board has again prepared and approved a deficit budget for the coming financial year.

Certain figures in the balance sheet for FY2025 budget have been identified as inaccurate. Specifically, the Provision for Cyclical Maintenance and Property, Plant and Equipment. These inaccuracies raise questions about the accuracy of the budgeting process.

#### Recommendation

In our view, budgeting for deficits where in fact materially better financial returns are expected does not lead 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 estimates for income and expenditure consider past performance and the best realistic estimates for the coming year. This may result in a budget surplus that is more appropriate to adopt.

We also suggest conducting a detailed review of the balance sheet figures. The school could implement periodic budget reviews to ensure future inaccuracies are identified and corrected promptly.

Management comments:

### Lack of Board Meetings for 6 months

#### Finding

We note the school board has not held board meetings from September 2024 to February 2025. This raises concerns about governance and transparency.

#### Recommendation

Without regular board meetings, key decisions may be delayed and critical issues affecting students, staff and operations remain unaddressed. The absence of meetings could potentially lead to non-compliance with regulatory requirements, reducing overall confidence in governance.

The board should prioritise the reinstatement of regular meetings and establish a structured schedule to ensure consistent oversight.

Management comments:

## Maintaining Your Fixed Asset Register (FAR)

### Finding

We noted examples where assets purchased or disposed were not updated in the fixed asset register. During our interim audit procedures, it was noted asset #560 was no longer in use but was still part of the fixed asset register leading to an audit adjustment having to be raised. Furthermore, there are several older assets that are listed in the fixed asset register that has potential to be not under the school's possession or are not in a condition to be used. The fixed asset register needs to be an up-to-date record of the actual assets that are held by the school.

### Recommendation

We recommended that all assets purchased and disposed during the year are recorded in the fixed asset register as soon as possible.

We also recommend that the school periodically check the existence of all assets, at least quarterly for valuable and mobile items and on an annual basis for other items. Any items that have been lost, discarded or are no longer in use should be written off and removed from the fixed asset register.

Management comments:

## 4. REQUIRED COMMUNICATIONS WITH GOVERNANCE

Matter	How the matter was addressed
Auditors responsibility under generally accepted auditing standards	We are responsible for completing an audit in accordance with generally accepted auditing standards in New Zealand. The detailed terms of which are set out in our audit engagement letter.
Confirmation of Audit Independence	<p>In conducting our audit, we are required to comply with the independence requirements of PES-1 Code of Ethics for Assurance Practitioners issued by the External Reporting Board.</p> <p>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.</p> <p>For the comfort of the Board, we note that the following processes assist in maintaining our independence:</p> <p>No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement partner.</p> <p>All services performed by any national BDO office will be reported to the governing body.</p> <p>Audit fees billed for the 2024 audit was \$10,254. There were no other services provided by our firm for the 2024 financial year.</p>
Management Judgements and Estimates	Under International Standards on Auditing (NZ), we have a responsibility to ensure that you have been informed about the process used by the School in formulating particularly sensitive accounting estimates, assumptions or valuation judgements. Overall we note that the judgements and estimates by management in preparing the results for the year ended 31 December 2024 appear reasonable. Key matters impacting on our audit have been raised in sections 2 and 3 of this report if applicable.

Matter	How the matter was addressed
Matters requiring Board input	<p>We have placed reliance on the Board's review and approval of the following matters:</p> <ul style="list-style-type: none"><li>• Minutes of the Board meetings;</li><li>• Implementation of such controls as is needed to ensure that financial statements are presented fairly;</li><li>• Review and approval of management accounts;</li><li>• Review and approval of annual budget;</li><li>• Notification of fraud; and</li><li>• Review and approval of the financial statements.</li></ul>
Accounting policies	<p>There were no changes in accounting policies or interpretations of accounting policies that impacted on your financial statements in the current year.</p> <p>Auditing standards require us to discuss with you the qualitative aspects of the School's accounting practices and financial reporting. There were no new accounting standards that had a significant effect on the School's financial statements for the year ending 31 December 2024.</p>
Materiality and adjusted differences	<p>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 report. 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.</p> <p>There were no errors left uncorrected at the conclusion of the audit.</p> <p>During the course of our audit, we identified misstatements which have been corrected in the financial statements these have been detailed in Appendix 1 of this report.</p> <p>It should be noted that 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.</p>

Matter	How the matter was addressed
Going concern	<p>We have undertaken a review of management and those charged with governance' assessment of the ability of the School to continue as a going concern for 12 months from the date of signing the audit report and therefore whether the going concern basis for the preparation of the financial statements is appropriate.</p> <p>We identified no issues or concerns that lead us to conclude the going concern assumption cannot be relied upon.</p>
Fraud	<p>During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you.</p>
Compliance with laws and regulations	<p>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.</p>
Significant findings from the audit	<p>Other than those documented in the executive summary and sections 2 and 3 of this report, there were no significant matters arising from the audit.</p>
Disagreements with management	<p>There have been no disagreements with management over matters of significance to the audit.</p>
Difficulties encountered during the audit	<p>There have been no significant difficulties encountered during the audit.</p>
Consultations with other accountants and consultants	<p>We have considered the need for other accounting specialists during our work and determined, due to the nature of the engagement and experience and knowledge of the engagement team, that no specialists were necessary for the current period.</p>
Management representation letter	<p>We have not requested specific representation from management in addition to those areas normally covered by our standard representation letter.</p>

## APPENDIX 1 - ADJUSTED AND UNADJUSTED DIFFERENCES

### ADJUSTED DIFFERENCES

The following misstatements have been identified during our audit, and have been adjusted:

Description	Assets	Liabilities	Reserves	Profit
	Inc / (Dec)	Inc / (Dec)	Inc / (Dec)	Inc / (Dec)
	\$	\$	\$	\$
To remove 'Chromebooks - Rent to students' from FAR as asset no longer exists	15,000	-	-	(15,000)
To adjust the cyclical maintenance provision to reflect work deferred to 2026	-	76,781	-	(76,781)
To account for audit fee for OAG tender	-	6,046	-	(6,046)
Net Effect of Adjustments not made:	15,000	82,827	-	(97,827)

### UNADJUSTED DIFFERENCES

No unadjusted journals were raised during the audit.