

HOLY CROSS SCHOOL (MIRAMAR)

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED

31 DECEMBER 2024





21 May 2025

Paresh Patel
Presiding Member
Holy Cross School (Miramar)
By Email: paresh.patel@hcm.school.nz
cc: Tala Moemai
Principal

Dear Paresh,

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

We 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 may exist.

We express our appreciation for the assistance and co-operation provided by the School and the School's service provider during the audit. There is nothing we wish to raise solely with the Board.

Yours faithfully,
BDO WELLINGTON AUDIT LIMITED

A handwritten signature in black ink that reads 'Brooke Rodriguez'. The signature is written in a cursive, flowing style.

Brooke Rodriguez
Partner
Audit & Assurance Services

DDI: +64 4 474 1051
Email: brooke.rodriguez@bdo.co.nz

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1. EXECUTIVE SUMMARY

STATUS OF THE AUDIT AND THE AUDIT OPINION

Our audit of Holy Cross School (Miramar)'s (the "School") financial statements for the year ended 31 December 2024 is complete. Subject to the resolution of matters arising in this report, review of the final draft financial statements, receipt of a signed letter of representation, approval by the Board of the financial statements and the finalisation of our audit completion procedures.

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:

- Locally raised funds
- Cyclical maintenance provision
- Management override of controls

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/Response
There is a presumed fraud risk over the following Revenue streams; Government Grants, Other Grant and Donations, Fundraising Income.	<p>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.</p> <p>Auditor noted there were no issues relating to the testing performed above, and all testing mentioned was performed.</p>

MANAGEMENT OVERRIDE

Area of Audit Emphasis	Conclusion/Response
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.	<p>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.</p> <p>Auditor noted no issues throughout our testing.</p>

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/Response

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.

Auditor notes no issues surrounding the Cyclical Maintenance 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.

There were no potential improvements in internal controls identified to bring to your attention.

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 \$10,711. 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">• Minutes of the Board meetings;• Implementation of such controls as is needed to ensure that financial statements are presented fairly;• Review and approval of management accounts;• Review and approval of annual budget;• Notification of fraud; and• Review and approval of the financial statements.
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 DIFFERENCES

AUDIT ADJUSTMENTS

The following audit adjustments have been made to the financial statements.

Description	Assets	Liabilities	Reserves	Profit
	Inc / (Dec)	Inc / (Dec)	Inc / (Dec)	Inc / (Dec)
	\$	\$	\$	\$
Cyclical Maintenance				10,681
Cyclical Maintenance Provision		(10,681)		
Net Effect of Adjustments not made:		(10,681)		10,681

APPENDIX 2 - UPDATE ON FINDINGS FROM PRIOR YEAR

Fixed Asset Register

Finding

We noted from our review of the fixed asset register that there are many old and either mostly or fully depreciated assets.

Update

Resolved - It is a requirement of accounting standards that at least annually the register is reviewed to verify the existence of all assets and to ensure they are in working order and in use. We noted that the school reviews the register twice a year, which we commend.

From review of the fixed asset register, we've noted old assets before 2016 has decreased since last year. The fixed asset register is now more accurate and up to date, reflecting the actual assets held at the school.

Going Concern

Finding

The financial statements reflect a deterioration in your school's financial position.

The Financial Statements show there is a deficit of \$132,674 in 2023 and \$90,487 in 2022. Furthermore, working capital has also fallen from \$358,033 in 2022 to \$227,975 in 2023 Financial year.

Update

Re-raised - School budgeted for a \$42,132 deficit where actually has a \$97,907 deficit in 2024 FY. Furthermore, working capital has also fallen from \$227,975 in 2023 to \$170,109 in 2024.

We recommend that the Board monitor this situation closely and take action to curtail expenditure and/or generate additional revenue wherever possible.

Further, we recommend that the Board carefully review the situation at the next balance date and make an assessment about the appropriateness of continuing to apply the going concern assumption.