Tahatai Coast School

Audit Closing Report to the Members of the Board
Year ended 31 December 2025

William Buck

Table of Contents

William Buck

Audit summary

Tahatai Coast School

We are pleased to present our report for the audit of Tahatai Coast School for the year ended 31 December 2025.

We'd like to express our appreciation for the cooperation and assistance which we received during the course of our audit from all the staff at the school and from the team at your accounting service provider.

This report summarises our audit approach and findings as well as providing any recommendations for areas of improvement identified during the audit process. Our examination may not have identified, and should not be relied upon to identify, all control weaknesses that may exist.

Independence

Our independence has been confirmed by all engagement team members.

Audit Opinion

We issued an unmodified audit opinion over the financial report for the year ended 31 December 2025.

Responsibility for the Financial Report

The Board is responsible for preparing financial statements in accordance with the Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).

The responsibility for producing the financial report and ensuring adequate internal controls and sound business practices is the responsibility of management and is a part of management's overall responsibility for the ongoing activities of the School.

Audit Focus Areas Identified

- Management override of controls
- Cyclical Maintenance provision
- Fraud risk in revenue
- Probity of expenses

Areas of improvement

- Register of members financial interests
- Deficit Budget
- Expenditure on principal professional development or wellbeing that can be seen to confer a personal benefit
- Review of payroll Activity History report

Our audit work does not examine all transactions of the School. We test significant transactions and select a sample of other transactions. We apply a principle of materiality throughout our testing.

We trust that you find this report informative, and we appreciate the opportunity to be of service to you. If you have any queries or wish to discuss any issues further, please do not hesitate to contact me.

Nāku noa, nā

Craig Rossouw
20 May 2026

Richard Dey
Partner
+64 7 927 1190
richard.dey@williambuck.co.nz

Craig Rossouw
Partner
+64 7 927 1182
craig.rossouw@williambuck.co.nz

Audit focus areas

We identified the following risk areas within the financial report. We have summarised areas with significant risk or material adjustments below:

Focus area	Risk	Management judgement	Material adjustment	Area of improvement
Management override of controls	**Significant**	-	-	-
Cyclical Maintenance provision	**Higher**	✓	-	-
Fraud risk in revenue	**Higher**	-	-	-
Probity of expenses	**Higher**	-	-	-

Legend

Significant	**Higher**
Matters identified which had a high impact on the financial statements and/or audit.	Matters identified which had a moderate impact on the financial statements and/or audit.

Audit focus areas

MANAGEMENT OVERRIDE OF CONTROLS

Description of risk

Risk of management override of controls includes how those charged with governance exercise oversight of management's processes for identifying and responding to risk of fraud and the internal control that management has established to mitigate these risks. Journals, by nature, are higher risk because they can be posted to the general ledger to manipulate the accounting records, potentially to conceal errors, fraudulent behaviour or budget overspends. Many Schools contract out the accounting function to third party service providers, but ultimately it is the Board Members that are responsible for the School's accounting function.

Audit approach

Our procedures include:

— Obtain a list of all Journal Entries for the year, from both the School and external providers.

— Test the list for completeness.

— Review the School's internal controls over the Journal Entry process.

— Focus on year-end journal entries.

— Test large, unusual, or non-recurring journal entries.

— Examine supporting documentation for Journal Entries.

Testing approach

A purely substantive approach, uses William Buck sample methodology to select samples for testing to supporting documents combined with analytical procedures which identify unexpected variances and changes year on year.

A more controls-based approach, uses William Buck sample methodology to test key controls over significant risk items.

Summary of results

We have identified no material deficiencies in the School's system of internal controls surrounding Journal entries. The School should be aware that Journal Entries can easily be subject to fraud and errors.

Audit focus areas

CYCLICAL MAINTENANCE PROVISION

Description of risk

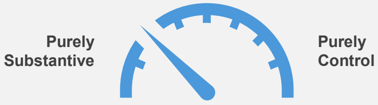
One of the key areas of audit focus from the Office of the Audit General (OAG) is Cyclical Maintenance Provision (CMP). This is a key subjective item in the financial statements which requires annual assessment by both School Management and the Board.

Audit approach

Our procedures include:

- Testing the methodology and calculations
- Reviewing experts' opinions
- Testing for completeness
- Testing of underlying assumptions
- Analysis of recent maintenance expenditure
- Review the Schools 10 year property plan
- Reviewing the Boards assessment of the Cyclical Maintenance programme

Testing approach



Summary of results

The cyclical maintenance provision is fairly stated.

No matters were identified in the course of the audit to report to you.

Based on our testing we did not note any material error in the CMP at 31 December 2025.

Audit focus areas

FRAUD RISK IN REVENUE

Description of risk

It is the obligation of the Board Members to ensure that management have established appropriate systems of internal controls to ensure the completeness of all income - regardless of source. This means that all funds due to, and paid to, the School are correctly and appropriately banked in the School's bank accounts and appropriately recorded. We consider that the risk for Schools relates to non-MOE items such as School donations, activity fees (if School did not opt into the Donation Scheme) and fundraising activities.

Audit approach

We perform the following procedures:

— Examine the Schools system of internal controls to ensure that all revenue due to the School is appropriately recorded.

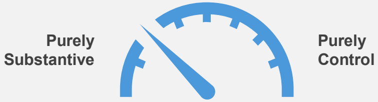
— Audit the systems, processes and policies

— Complete Substantive Analytical Review procedures where applicable.

— Testing of reconciliations and other supporting information/documentation maintained by the School.

— Validation of revenue through expense testing.

Testing approach



Summary of results

No audit adjustments were identified as a result of our testing of Locally Raised Funds.

No matters were identified in the course of the audit to report to you.

WilliamBuck

Audit focus areas

PROBITY OF EXPENSES

Description of risk

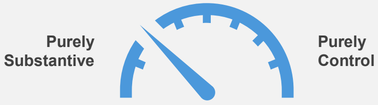
Whilst carrying out our audit, on behalf of the Office of the Controller and Auditor General (“OAG”), we have been asked to consider whether any approved payments could be considered extravagant or wasteful or show a lack of probity or financial prudence. One of the internal control objectives, and key audit risks, relates to Sensitive Expenditure.

Audit approach

Our audit approach includes significant focus on testing of the probity of expenditure. We pay particular attention to:

- Sensitive expense categories
- Credit card payments
- Payments to the Principal
- Staff reimbursements
- Expense claims
- Payments to consultants.

Testing approach



Summary of results

We have completed a detailed review of all sensitive expense categories and inspected numerous detailed supporting documentation.

We did not have any audit adjustments arising from our testing of sensitive expenditure.

WilliamBuck

Summary of adjusted audit differences

Name	Debit	Credit
Employee Benefits - Salaries		(25,071)
Accruals	25,071	
Being the correction of the overaccrual of bulk grant payments		

WilliamBuck

Summary of audit reclassifications

Name	Debit	Credit
Fees for Extra Curricular Activities		(12,033)
Other Revenue	12,033	
Being the transfer of Production income to extra curricular activities		
Fundraising and Community Grants		(21,881)
Other Revenue	21,881	
Being the transfer of grants to fundraising and community grants		

WilliamBuck

Areas of improvement

William Buck

Areas of improvement

Observations	Recommendations
Matter 1 - Register of members financial interests The Board should create and maintain a register of Board member's financial interests, to assist the Board in identifying and managing any financial conflicts of interest. This will help to ensure that the stakeholders have confidence that the member concerned has not influenced the awarding of the decision in any way.	When Board members have an interest in a transaction relating to the school, alternative quotes for the supply of goods/services should always be obtained. All such quotes obtained should be recorded in the Board meeting's minutes. That member should not participate in the discussion or voting on the matter at the Board meeting. The Board member's abstention should also be recorded in the minutes of the meeting.
Matter 2 - Deficit Budget The board has prepared and approved a deficit budget for the coming year. We are concerned that continued deficit budgeting if achieved will reduce the school's equity. Although deficit budgeting may appear to be warranted when preparing the budget for a particular year, we urge caution in using the approach as it is unlikely to be sustainable.	We are aware that there are sufficient investments to cover the loss, however it is vital that you continue to look for ways to improve actual results against the budgeted deficit in the upcoming school year and ensure that spending does not exceed the amounts approved by the board. We recommend that the board try to avoid deficit budgeting where possible, so that the school's budget reflect the ability to operate within its means.

Areas of improvement

Observations	Recommendations
Matter 3 - Expenditure on principal professional development or wellbeing that can be seen to confer a personal benefit From a review of a sample of expenditure allocated to the principal's professional coaching and wellbeing support funding, we noted Gym membership expenses for the principal. 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 provides or has the potential to provide a private benefit to the principal. As noted in Circular 2020/10: Principal Concurrence any additional payment or benefit paid to a principal including 'sensitive payments', that can be described as payments that provide, have the potential to provide, or have the perceived potential to provide, a private benefit to an individual staff member, need to be approved by the Ministry of Education before the payment/benefit is made. No application for concurrence was made. We note that if the Ministry declines an application for concurrence for a payment, that payment may be unlawful. Any additional benefits provided to the principal might also attract Fringe Benefit Tax.	We recommend that the Board contacts the Ministry of Education to request concurrence for this payment and obtains advice on whether Fringe Benefit Tax could be payable.

Areas of improvement

Observations	Recommendations
Matter 4 - Review of payroll Activity History report From enquiries of management we noted that there is no independent (i.e. by someone who does not have access to the payroll system) review of the activity history reports conducted at the School. The activity history report details payroll transactions processed through the Edpay system as well as any changes to employee financial details (e.g. bank accounts, Kiwisaver, tax etc). This is a key control recommended by the Ministry of Education to ensure appropriate oversight of payroll transactions. The absence of regular review by both the Principal and Board member increases the risk of undetected errors and unexpected changes in payroll going unnoticed. We wish to point out that nothing from our enquiries has led us in any way to question the integrity of any employees.	We recommend that the school implement a formal process to ensure the Edpay activity history report is reviewed and signed off every fortnight by the Principal and an independent party prior to payroll being processed. This will help strengthen internal controls, support accurate payroll processing, and demonstrate sound financial governance.

Communication of other matters

Required communications with management and governance

Disagreements with management or significant difficulties
There have been no disagreements with management in completing the audit.

Independence
The engagement team and others in the firm as appropriate, the firm and network firms are independent in accordance with relevant ethical requirements and any regulatory requirements that apply to the audit engagement.

Other communications with management
There have been no other significant discussions with management that have not been reported to you or included in this report.

Non-audit fees
We have not charged any non-audit related fees to the School in the period under review. Any other services, which we may provide from time to time, at your request, are distinct from our function as auditors.These additional services can only be provided where they do not impair our independence.
We have implemented policies and procedures designed to deliver high quality services in line with our professional obligations. Our Transparency Report describes our Systems of Quality Management.

Fraud
We have not identified or been notified by your office of any circumstances of fraud.

Going concern
During the audit there have been no material uncertainties that may cast significant doubt on the School's ability to continue as a going concern and require further consideration or disclosure within the financial report.

Use of other auditors and specialists
William Buck did not require the assistance of another audit firm or specialist in performing the audit of the School.

Laws and regulations
There has been no evidence that the School has not complied with laws and regulations pertaining to the School.

Communication of other matters

Required communications with management and governance

Annual Report
The Education and Training Act 2020 requires you to publish your Annual Report on-line. Your Annual Report contains your audited annual financial statements including our audit opinion, analysis of variance, list of Board Members, Kiwisport statement and Good Employer compliance. Making your Annual Report accessible to the School community is important for transparency and accountability. The expectation is that your Annual Report is published as soon as possible after your audit is completed, as the value of good accountability lessens over time.

Please ensure that once your 2024 Annual Report is submitted to the Ministry it is also published on your website. If you do not have a website, contact the Ministry of Education for guidance.

Related Parties - Conflict of Interest
The risk of conflicts of interest in small communities, which many schools operate in, is inherently high, because the Board, Principal, and other employees are often living in the same communities their school services. There is a particular risk of conflict in the decision-making processes used to appoint new employees and contractors, as well as the purchase of goods and services. However, having a conflict of interest does not necessarily mean you have done anything wrong, what is important is how the conflict is managed.

The Office of the Auditor-General have a good practice guide on managing conflicts of interest as well as other resources, available on its website. We encourage you to make use of these resources.

Good Employer
Section 597 of the Education and Training Act requires the Board to have an employment policy that complies with the principle of being a good employer. The Board must make the policy available to employees, ensure its compliance with the policy, and report on the extent of that compliance in its annual report.

Helpful resources

Resources for management and governance

Cyclical Maintenance
The Ministry have published the updated cyclical maintenance guidance/tools on its website and the information in the Financial Information for Schools Handbook has also been updated. The updated guidance includes resources to help schools complete their cyclical maintenance provision calculations and provides guidance on what supporting documentation to retain as evidence for a school's annual audit.

Fraud Risk
Discouraging fraud - Office of the Auditor-General New Zealand (oag.parliament.nz)

Segregation of duties
The Ministry have also recently published an internal control checklist and a segregation of duties matrix which schools may find useful when assessing the adequacy of their internal controls - Managing school finances - internal control resources. Further guidance on internal controls can be found in section 7.7.1 of the Financial Information for Schools Handbook.

Your payroll system is allowing you to view the history activity report. This report should now be used and reviewed in a timely basis for further guidance can be found on the Ministry of Education Website.

Sensitive Expenditure
More information can be found in the Office of the Auditor-General's good practice guide on Controlling sensitive expenditure: Guide for public organisations which includes practical guidance on specific types of sensitive expenditure.

Principles-based approach:
The basics - Office of the Auditor-General New Zealand (oag.parliament.nz)
We recommend the Board consider these principles when making decisions about sensitive expenditure. We highlight to the Board Members the importance of ensuring appropriate controls over Sensitive Expenditure, and to remain up to date with Ministry of Education ("MOE") guidelines.

WB

Ngā Mihi