INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF STRATFORD PRIMARY SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Stratford Primary School (the School). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants Limited, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 20, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2021; and
  - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with with Tier 2 PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime

Our audit was completed on 31 May 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board's responsibilities, in terms of the requirements of the Education and Training Act 2020, arise from section 87 of the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We assess the risk of material misstatement arising from the school payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arises from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises Statement of Financial Responsibility, Board of Trustees schedule included under the School Directory page and the Analysis of Variance, but does not include the financial statements, Kiwisport statement included as appendices, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.

Cameron Town

Cameron Town
Silks Audit Chartered Accountants Ltd
On behalf of the Auditor-General
Whanganui, New Zealand

STRATFORD PRIMARY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

School Directory

Ministry Number:	2244
Principal:	Jason Elder
School Address:	Regan Street, Stratford
School Postal Address:	Regan Street, Stratford, 4332
School Phone:	06 765 6938
School Email:	office@sps.kiwi.nz
Accountant / Service Provider:	Education Services. Dedicated to your school

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STRATFORD PRIMARY SCHOOL

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Stratford Primary School

Statement of Responsibility

For the year ended 31 December 2021

The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the school.

The School's 2021 financial statements are authorised for issue by the Board.

Le-arna Russ	Jason Elder
Full Name of Presiding Member	Full Name of Principal
LRuss	
Signature of Presiding Member	Signature of Principal
31/05/2022	31/05/2022
Date:	Date:

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Stratford Primary School
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Revenue				
Government Grants	2	3,950,596	3,552,714	3,611,501
Locally Raised Funds	3	151,640	94,728	98,841
Interest Income		5,186	10,000	9,013
Other Revenue		8,852	-	-
		4,116,274	3,657,442	3,719,355
Expenses				
Locally Raised Funds	3	43,009	30,628	36,676
Learning Resources	4	3,037,176	2,667,909	2,733,932
Administration	5	454,580	181,647	161,573
Finance		2,422	1,461	2,736
Property	6	493,087	700,780	719,756
Depreciation	11	112,440	96,571	115,475
Loss on Disposal of Property, Plant and Equipment		491	-	1,633
		4,143,205	3,678,996	3,771,781
Net Surplus / (Deficit) for the year		(26,931)	(21,554)	(52,426)
Other Comprehensive Revenue and Expense		5,791	-	5,975
Total Comprehensive Revenue and Expense for the Year		(21,140)	(21,554)	(46,451)

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes which form part of these financial statements.

Stratford Primary School
Statement of Changes in Net Assets/Equity
For the year ended 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Equity at 1 January		553,481	591,141	585,154
Total comprehensive revenue and expense for the year		(21,140)	(21,554)	(46,451)
Capital Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		1,652	14,778	14,778
Equity at 31 December		533,993	584,365	553,481
Retained Earnings		533,993	584,365	553,481
Equity at 31 December		533,993	584,365	553,481

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes which form part of these financial statements.

Stratford Primary School
Statement of Financial Position
As at 31 December 2021

	Notes	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Current Assets				
Cash and Cash Equivalents	7	17,946	15,650	44,873
Accounts Receivable	8	190,586	147,993	174,546
GST Receivable		31,936	-	-
Prepayments		5,513	7,624	8,373
Inventories	9	29	685	530
Investments	10	469,328	430,941	462,410
Float		40	-	40
		715,378	602,893	690,772
Current Liabilities				
GST Payable		-	2,273	459
Accounts Payable	12	244,253	189,486	215,417
Revenue Received in Advance	13	9,917	14,568	8,113
Provision for Cyclical Maintenance	14	-	49,585	63,791
Painting Contract Liability	15	37,768	37,768	37,768
Finance Lease Liability	16	14,653	18,102	19,098
Funds held for Capital Works Projects	17	142,439	-	33,897
		449,030	311,782	378,543
Working Capital Surplus/(Deficit)		266,348	291,111	312,229
Non-current Assets				
Property, Plant and Equipment	11	371,926	390,053	374,731
Shares in Group Mowing Scheme		32,519	20,753	26,728
		404,445	410,806	401,459
Non-current Liabilities				
Provision for Cyclical Maintenance	14	81,750	51,194	71,209
Painting Contract Liability	15	44,525	44,525	71,956
Finance Lease Liability	16	10,525	21,833	17,042
		136,800	117,552	160,207
Net Assets		533,993	584,365	553,481
Equity		533,993	584,365	553,481

The above Statement of Financial Position should be read in conjunction with the accompanying notes which form part of these financial statements.

Stratford Primary School
Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Cash flows from Operating Activities				
Government Grants		1,034,122	1,039,708	1,022,369
Locally Raised Funds		166,208	94,728	88,419
Goods and Services Tax (net)		(32,395)	-	(1,814)
Payments to Employees		(752,650)	(685,906)	(635,776)
Payments to Suppliers		(411,213)	(388,213)	(406,170)
Interest Paid		(2,422)	(1,461)	(2,736)
Interest Received		7,225	10,000	12,153
Net cash from/(to) Operating Activities		8,875	68,856	76,445
Cash flows from Investing Activities				
Purchase of Property Plant & Equipment (and Intangibles)		(99,187)	(76,160)	(28,503)
Purchase of Investments		(6,918)	-	(5,673)
Proceeds from Sale of Investments		-	-	24,204
Net cash from/(to) Investing Activities		(106,105)	(76,160)	(9,972)
Cash flows from Financing Activities				
Furniture and Equipment Grant		1,652	14,778	14,778
Finance Lease Payments		(14,587)	(15,880)	(16,153)
Painting contract payments		(27,431)	(8,238)	(27,430)
Funds Administered on Behalf of Third Parties		110,669	-	(25,089)
Net cash from/(to) Financing Activities		70,303	(9,340)	(53,894)
Net increase/(decrease) in cash and cash equivalents		(26,927)	(16,644)	12,579
Cash and cash equivalents at the beginning of the year	7	44,873	32,294	32,294
Cash and cash equivalents at the end of the year	7	17,946	15,650	44,873

The Statement of Cash Flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes which form part of these financial statements.

Stratford Primary School
Notes to the Financial Statements
For the year ended 31 December 2021

1. Statement of Accounting Policies

a) Reporting Entity
Stratford Primary School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education and Training Act 2020. The Board is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation
Reporting Period
The financial reports have been prepared for the period 1 January 2021 to 31 December 2021 and in accordance with the requirements of the Education and Training Act 2020.

Basis of Preparation
The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied
The Education and Training Act 2020 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as 'having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders'.

PBE Accounting Standards Reduced Disclosure Regime
The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of $30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base
The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency
These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies
The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Cyclical maintenance
A school recognises its obligation to maintain the Ministry's buildings in a good state of repair as a provision for cyclical maintenance. This provision relates mainly to the painting of the school buildings. The estimate is based on the school's long term maintenance plan which is prepared as part of its 10 Year Property Planning process. During the year, the Board assesses the reasonableness of its 10 Year Property Plan on which the provision is based. Cyclical maintenance is disclosed at note 14.

Useful lives of property, plant and equipment
The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the significant accounting policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

Critical Judgements in applying accounting policies
Management has exercised the following critical judgements in applying accounting policies:

Classification of leases
Determining whether a lease is a finance lease or an operating lease requires judgement as to whether the lease transfers substantially all the risks and rewards of ownership to the school. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Recognition of grants
The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carry forward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants
The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives.

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes.

This is a non-cash revenue that is offset by a non-cash expense. The use of land and buildings grants and associated expenditure are recorded in the period the School uses the land and buildings.

Other Grants
Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations, Gifts and Bequests
Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue
Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) Operating Lease Payments
Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

e) Finance Lease Payments
Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

f) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

g) Accounts Receivable
Short-term receivables are recorded at the amount due, less an allowance for credit losses (uncollectable debts). The schools receivables are largely made up of funding from the Ministry of Education, therefore the level of uncollectable debts is not considered to be material. However, short-term receivables are written off when there is no reasonable expectation of recovery.

h) Inventories
Inventories are consumable items held for sale and comprised of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

i) Investments
Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

j) Property, Plant and Equipment
Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Finance Leases
A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether the school will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Depreciation
Property, plant and equipment are depreciated over their estimated useful lives on a straight line basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building Improvements	15-40 years
Furniture and Equipment	15 years
Motor Vehicles	5 years
Library Resources	8 years
Leased assets held under a Finance Lease	Term of Lease

k) Intangible Assets
Software costs
Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

l) Impairment of property, plant, and equipment and intangible assets
The school does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non cash generating assets
Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

m) Accounts Payable
Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Employee Entitlements
Short-term employee entitlements
Employee entitlements that are expected to be settled within 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, by non teaching staff, to but not yet taken at balance date.

Long-term employee entitlements
Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis.

The calculations are based on the likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information, and the present value of the estimated future cash flows.

o) Revenue Received in Advance
Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to students, should the School be unable to provide the services to which they relate.

p) Funds Held in Trust
Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Comprehensive Revenue and Expenses.

The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

q) Shared Funds
Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of the School's control. These amounts are not recorded in the Statement of Comprehensive Revenue and Expenses. The School holds sufficient funds to enable the funds to be used for their intended purpose.

r) Provision for Cyclical Maintenance
The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision is a reasonable estimate, based on an up to date 10 Year Property Plan (10YPP) or another appropriate source of evidence.

s) Financial Instruments
The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as 'financial assets measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as 'financial assets at fair value through other comprehensive revenue and expense' for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

t) Borrowings
Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the school has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowings include but are not limited to bank overdrafts, operating leases, finance leases, painting contracts and term loans.

u) Goods and Services Tax (GST)
The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

v) Budget Figures
The budget figures are extracted from the School budget that was approved by the Board.

w) Services received in-kind
From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

2. Government Grants

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Operational Grants	789,354	815,886	802,581
Teachers' Salaries Grants	2,307,004	2,032,064	2,086,508
Use of Land and Buildings Grants	339,596	488,442	492,467
Other MoE Grants	511,421	214,322	220,874
Other Government Grants	3,221	2,000	9,071
	3,950,596	3,552,714	3,611,501

The school has opted in to the donations scheme for this year. Total amount received was $63,150.

3. Locally Raised Funds

Local funds raised within the School's community are made up of:

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Revenue			
Donations & Bequests	49,869	18,700	33,798
Fees for Extra Curricular Activities	27,320	6,778	23,363
Trading	1,068	200	1,196
Fundraising & Community Grants	73,383	69,050	40,484
	151,640	94,728	98,841
Expenses			
Extra Curricular Activities Costs	41,815	29,878	35,654
Trading	1,194	750	875
Fundraising & Community Grant Costs	-	-	147
	43,009	30,628	36,676
Surplus for the year Locally raised funds	108,631	64,100	62,165

4. Learning Resources

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Curricular	127,969	82,426	92,245
Employee Benefits - Salaries	2,890,593	2,553,530	2,612,680
Staff Development	5,005	17,200	11,284
Text Books	618	600	104
Learning Centre	1,595	1,200	7,347
Rt Lit	11,396	12,953	10,272
	3,037,176	2,667,909	2,733,932

5. Administration

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Audit Fee	4,870	4,600	4,572
Board Fees	3,680	4,080	2,725
Board Expenses	3,643	3,220	2,118
Communication	10,434	10,854	10,500
Consumables	23,439	20,261	16,415
Other	28,250	31,210	25,045
Employee Benefits - Salaries	90,071	81,652	76,421
Insurance	8,793	7,800	7,997
Service Providers, Contractors and Consultancy	18,330	17,970	15,780
Healthy School Lunch Programme	263,070	-	-
	454,580	181,647	161,573

6. Property

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Caretaking and Cleaning Consumables	15,149	10,650	70,957
Cyclical Maintenance Provision	(49,358)	30,454	27,244
Grounds	20,792	17,100	20,863
Heat, Light and Water	32,582	30,666	26,928
Rates	1,570	1,480	1,564
Repairs and Maintenance	46,713	44,200	41,517
Use of Land and Buildings	339,596	488,442	492,467
Security	6,357	2,500	2,694
Employee Benefits - Salaries	79,686	75,288	35,522
	493,087	700,780	719,756

In 2021, the Ministry of Education revised the notional rent rate from 8% to 5% to align it with the Government Capital Charge rate. This is considered to be a reasonable proxy for the market rental yield on the value of land and buildings used by schools. Accordingly in 2021, the use of land and buildings figure represents 5% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

7. Cash and Cash Equivalents

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Bank Accounts	17,946	15,650	44,873
Cash and cash equivalents for Statement of Cash Flows	17,946	15,650	44,873

The carrying value of short-term deposits with original maturity dates of 90 days or less approximates their fair value.

Of the $17,946 Cash and Cash Equivalents and $469,328 of Investments $172,403 is held by the School on behalf of the Ministry of Education. These funds have been provided for the Ministry as part of the school's 5 Year Agreement funding for upgrades to the school's buildings. The funds are required to be spent in 2022 on Crown owned school buildings.

8. Accounts Receivable

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Receivables	55	1,710	3,967
Receivables from the Ministry of Education	-	-	743
Interest Receivable	590	5,769	2,629
Teacher Salaries Grant Receivable	189,941	140,514	167,207
	190,586	147,993	174,546
Receivables from Exchange Transactions	645	7,479	7,339
Receivables from Non-Exchange Transactions	189,941	140,514	167,207
	190,586	147,993	174,546

9. Inventories

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Sports Shirts	-	610	475
Stationery	29	75	55
	29	685	530

10. Investments

The School's investment activities are classified as follows:

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Current Asset			
Short-term Bank Deposits	469,328	430,941	462,410
Total Investments	469,328	430,941	462,410

11. Property, Plant and Equipment

2021	Opening Balance (NBV) $	Additions $	Disposals $	Impairment $	Depreciation $	Total (NBV) $
Building Improvements	123,924	-	-	-	(18,707)	**105,217**
Furniture and Equipment	169,487	60,521	-	-	(54,174)	**175,834**
Information and Communication Technolog	17,166	37,747	(491)	-	(8,912)	**45,510**
Motor Vehicles	16,986	-	-	-	(6,906)	**10,080**
Leased Assets	34,993	9,174	-	-	(20,397)	**23,770**
Library Resources	12,175	2,684	-	-	(3,344)	**11,515**
Balance at 31 December 2021	374,731	110,126	(491)	-	(112,440)	**371,926**

The net carrying value of equipment held under a finance lease is $23,770 (2020: $34,993)

	2021 Cost or Valuation $	2021 Accumulated Depreciation $	2021 Net Book Value $	2020 Cost or Valuation $	2020 Accumulated Depreciation $	2020 Net Book Value $
Building Improvements	565,037	(459,820)	**105,217**	565,037	(441,113)	**123,924**
Furniture and Equipment	784,048	(608,214)	**175,834**	725,891	(556,404)	**169,487**
Information and Communication Technolog	267,119	(221,609)	**45,510**	229,373	(212,207)	**17,166**
Motor Vehicles	36,521	(26,441)	**10,080**	36,521	(19,535)	**16,986**
Leased Assets	50,275	(26,505)	**23,770**	80,911	(45,918)	**34,993**
Library Resources	91,612	(80,097)	**11,515**	88,928	(76,753)	**12,175**
Balance at 31 December	1,794,612	(1,422,686)	**371,926**	1,726,661	(1,351,930)	**374,731**

12. Accounts Payable

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Creditors	42,167	39,330	35,432
Accruals	3,247	3,782	4,572
Employee Entitlements - Salaries	189,941	140,514	167,207
Employee Entitlements - Leave Accrual	8,898	5,860	8,206
	244,253	189,486	215,417
Payables for Exchange Transactions	244,253	189,486	215,417
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	244,253	189,486	215,417

The carrying value of payables approximates their fair value.

13. Revenue Received in Advance

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Revenue in Advance	-	9,712	817
Other Revenue In Advance	9,917	4,856	7,296
	9,917	14,568	8,113

14. Provision for Cyclical Maintenance

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Provision at the Start of the Year	135,000	70,325	107,756
Increase to the Provision During the Year	20,626	30,454	30,247
Adjustment to the Provision	(69,984)	-	(3,003)
Use of the Provision During the Year	(3,892)	-	-
Provision at the End of the Year	81,750	100,779	135,000
Cyclical Maintenance - Current	-	49,585	63,791
Cyclical Maintenance - Term	81,750	51,194	71,209
	81,750	100,779	135,000

15. Painting Contract Liability

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Due within one year	37,768	37,768	37,768
Due after one year	44,525	44,525	71,956
	82,293	82,293	109,724

In 2018 the Board signed an agreement with Programmed Maintenance Services Ltd (the contractor) for an agreed programme of work covering a 6 year period. The programme provides for exterior painting of the Ministry owned buildings in 2018, with regular maintenance in subsequent years. The agreement has an annual commitment of $37,735. The liability is the best estimate of the actual amount of work performed by the contractor for which the contractor has not been paid at balance sheet date. The liability has not been adjusted for inflation and the effect of the time value of money.

16. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
No Later than One Year	16,228	18,102	21,320
Later than One Year and no Later than Five Years	11,178	21,833	18,298
Future finance charges	(2,228)	-	(3,478)
	25,178	39,935	36,140
Represented by			
Finance lease liability - Current	14,653	18,102	19,098
Finance lease liability - Term	10,525	21,833	17,042
	25,178	39,935	36,140

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17. Funds Held (Owed) for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects.

2021	Project No.	Opening Balances $	Receipts from MoE $	Payments $	Board Contributions	Closing Balances $
Sewerage & Drainage Repairs	214573	(3,503)	-	3,503	-	-
Drainage/Driveway SIP Stage 1	226389	36,500	(18,885)	(17,615)	-	-
Carpet & Wallcoverings	227148	-	182,329	(69,799)	-	112,530
LSPM Access & Visual	225559	(6,160)	69,424	(71,732)	-	(8,468)
LSC Modifications	219725	7,060	97,307	(107,245)	-	(2,878)
Drainage/Driveway SIP stage 2	224646	-	187,689	(206,271)	-	(18,582)
SIP G: Install Service Connections	224644	-	16,038	(16,038)	-	-
Blk B Outdoor Learning Area	227151	-	184,341	(128,772)	-	55,569
Composting/Recycling	227153	-	10,104	(10,140)	-	(36)
Exterior Lighting Replacement	232558	-	4,304	-	-	4,304
Totals		33,897	732,651	(624,109)	-	142,439

Represented by:	
Funds Held on Behalf of the Ministry of Education	172,403
Funds Due from the Ministry of Education	(29,964)
	142,439

2020	Project No.	Opening Balances $	Receipts from MoE $	Payments $	Board Contributions	Closing Balances $
Blk B Glass Sliding Doors	213162	(16,242)	16,242	-	-	-
Sewerage & Drainage Repairs	214573	14,600	(11,603)	(6,500)	-	(3,503)
Block A/B/C ILE Upgrade	204349	58,141	11,205	(69,346)	-	-
Heating	225807	-	15,644	(15,644)	-	-
Drainage/Driveway SIP Stage 1	226389	-	36,500	-	-	36,500
LSPM Access & Visual	225559	-	-	(6,160)	-	(6,160)
Block F	216534	-	5,800	(5,800)	-	-
LSC Modifications	219725	-	15,357	(8,297)	-	7,060
Totals		56,499	89,145	(111,747)	-	33,897

18. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

19. Remuneration

Key management personnel compensation

Key management personnel of the School include all Board members, Principal, Deputy Principals and Heads of Departments.

	2021 Actual $	2020 Actual $
Board Members		
Remuneration	3,680	2,725
Leadership Team		
Remuneration	760,985	830,688
Full-time equivalent members	6.88	8.26
Total key management personnel remuneration	764,665	833,413

There are 7 members of the Board excluding the Principal. The Board had held 8 full meetings of the Board in the year. The Board also has Finance (5 members) and Property (0 members) that met 0 and 0 times respectively. As well as these regular meetings, including preparation time, the Presiding Member and other Board members have also been involved in ad hoc meetings to consider student welfare matters including stand downs, suspensions, and other disciplinary matters.

Principal 1

The total value of remuneration paid or payable to the Principal was in the following bands:

	2021 Actual $000	2020 Actual $000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	150 - 160	140 - 150
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

Other Employees

The number of other employees with remuneration greater than $100,000 was in the following bands:

Remuneration $000	2021 FTE Number	2020 FTE Number
100 - 110	-	1.00
110 - 120	1.00	2.00
	1.00	3.00

The disclosure for 'Other Employees' does not include remuneration of the Principal.

20. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be board members, committee members, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2021 Actual	2020 Actual
Total	-	-
Number of People	-	-

21. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2021 (Contingent liabilities and assets at 31 December 2020: nil).

Holidays Act Compliance – schools payroll
The Ministry of Education performs payroll processing and payments on behalf of boards, through payroll service provider Education Payroll Limited.

The Ministry's review of the schools sector payroll to ensure compliance with the Holidays Act 2003 is ongoing. Final calculations and potential impact on any specific individual will not be known until further detailed analysis and solutions have been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2021, a contingent liability for the school may exist.

22. Commitments

(a) Capital Commitments

As at 31 December 2021 the Board has entered into contract agreements for capital works as follows:

$70,842 contract for the Carpet & Wallcoverings as agent for the Ministry of Education. This project is fully funded by the Ministry and $182,329 has been received of which $69,799 has been spent on the project to balance date. This project has been approved by the Ministry; and

$86,506 contract for the LSPM Access & Visual as agent for the Ministry of Education. This project is fully funded by the Ministry and $69,424 has been received of which $77,892 has been spent on the project to balance date. This project has been approved by the Ministry; and

$135,436 contract for the LSC Modifications as agent for the Ministry of Education. This project is fully funded by the Ministry and $112,664 has been received of which $115,542 has been spent on the project to balance date. This project has been approved by the Ministry; and

$211,359 contract for the Drainage/Driveway SIP stage 2 as agent for the Ministry of Education. This project is fully funded by the Ministry and $187,689 has been received of which $206,271 has been spent on the project to balance date. This project has been approved by the Ministry; and

$189,392 contract for the Blk B Outdoor Learning Area as agent for the Ministry of Education. This project is fully funded by the Ministry and $184,341 has been received of which $128,772 has been spent on the project to balance date. This project has been approved by the Ministry; and

$10,140 contract for the Composting/Recycling as agent for the Ministry of Education. This project is fully funded by the Ministry and $10,104 has been received of which $10,140 has been spent on the project to balance date. This project has been approved by the Ministry; and

$4,360 contract for the Exterior Lighting Replacement as agent for the Ministry of Education. This project is fully funded by the Ministry and $4,304 has been received of which $0 has been spent on the project to balance date. This project has been approved by the Ministry.

(Capital commitments as at 31 December 2020:

$22,000 contract for the Sewerage & Drainage Repairs as agent for the Ministry of Education. This project is fully funded by the Ministry and $5,397 has been received of which $8,900 has been spent on the project to balance date. This project has been approved by the Ministry; and

$25,000 contract for the Drainage/Driveway SIP Stage 1 as agent for the Ministry of Education. This project is fully funded by the Ministry and $36,500 has been received of which $0 has been spent on the project to balance date. This project has been approved by the Ministry; and

$6,160 contract for the LSPM Access & Visual as agent for the Ministry of Education. This project is fully funded by the Ministry and $0 has been received of which $6,160 has been spent on the project to balance date. This project has been approved by the Ministry; and

$134,375 contract for the LSC Modifications as agent for the Ministry of Education. This project is fully funded by the Ministry and $15,357 has been received of which $8,297 has been spent on the project to balance date. This project has been approved by the Ministry.)

(b) Operating Commitments

As at 31 December 2021 the Board has entered into the following contracts:

(b) The School has entered into an agreement with Programmed Maintenance Services Ltd for painting of the School's buildings. The amount committed on the contract is:

	2021 Actual $	2020 Actual $
No later than One Year	10,337	10,337
Later than One Year and No Later than Five Years	20,674	31,011
Later than Five Years	-	-
	31,011	41,348

23. Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

Financial assets measured at amortised cost

	2021 Actual $	2021 Budget (Unaudited) $	2020 Actual $
Cash and Cash Equivalents	17,946	15,650	44,873
Receivables	190,586	147,993	174,546
Investments - Term Deposits	469,328	430,941	462,410
Total Financial assets measured at amortised cost	677,860	594,584	681,829
Financial liabilities measured at amortised cost			
Payables	244,253	189,486	215,417
Finance Leases	25,178	39,935	36,140
Painting Contract Liability	82,293	82,293	109,724
Total Financial Liabilities Measured at Amortised Cost	351,724	311,714	361,281

24. Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

25. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

26. COVID 19 Pandemic on going implications

Impact of Covid-19
During 2021 the country moved between alert levels. During February and March 2021 Auckland was placed into alert levels 3 and 2 and other parts of the country moved into alert level 2.

Towards the end of June 2021, the Wellington region was placed into alert level 2 for one week.

Towards the end of August 2021, the entire country moved to alert level 4, with a move to alert level 3 and 2 for everyone outside the Auckland region three weeks later. While Auckland has remained in alert level 3 for a prolonged period of time the Northland and Waikato regions have also returned to alert level 3 restrictions during this period.

Impact on operations
Schools have been required to continue adapting to remote and online learning practices when physical attendance is unable to occur in alert level 4 and 3. Schools continue to receive funding from the Te Tāhuhu o te Mātauranga | Ministry to Education, even while closed.

However, the ongoing interruptions resulting from the moves in alert levels have impacted schools in various ways which potentially will negatively affect the operations and services of the school. We describe below the possible effects on the school that we have identified, resulting from the ongoing impacts of the COVID-19 alert level changes.

Reduction in locally raised funds
Under alert levels 4,3, and 2 the school's ability to undertake fund raising events in the community and/ or collect donations or other contributions from parents, may have been compromised. Costs already incurred arranging future events may not be recoverable.

Increased Remote learning additional costs
Under alert levels 4 and 3 ensuring that students have the ability to undertake remote or distance learning often incurs additional costs in the supply of materials and devices to students to enable alternative methods of curriculum delivery.

31. Credit Card Facility

The School operates a credit card facility with TSB Bank, the limit is $6,000 and as at balance date $4,260.80 was owing.

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Stratford Primary School

Members of the Board

Name	Position	How Position Gained	Term Expired/ Expires
Hayley Loveridge	Presiding Member	Elected	Sep 2022
Jason Elder	Principal		
Sintina Petrie	Parent Representative	Elected	Sep 2022
Jack Whitikia	Parent Representative	Elected	Sep 2022
Fiona Jansma	Parent Representative	Co-opted	Sep 2022
Le-Arna Russ	Parent Representative	Co-opted	Sep 2022
David Chadwick	Parent Representative	Co-opted	Sep 2022
Nathan Taingahue	Parent Representative	Co-opted	Sep 2022
Deborah Campbell	Staff Representative	Elected	Sep 2022

Stratford Primary School

Kiwisport

Kiwisport is a Government funding initiative to support students' participation in organised sport. In 2021, the school received total Kiwisport funding of $5,824 (excluding GST). The funding was spent on sporting endeavours.

SILKS AUDIT
Chartered Accountants Ltd

Report to Governance

For the Year ended 31 December 2021

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

SILKS AUDIT
Chartered Accountants Ltd

Presiding Member
School Board Members
Stratford Primary School

31 May 2022

Tēnā koe

In accordance with our engagement letter, we confirm we have completed our audit of Stratford Primary School ("the School") for the year ended 31 December 2021. This report 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 Members 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.

We congratulate the Board on its efforts to maintain effective internal controls in the School. We take this opportunity to thank the board members and staff for the co-operation afforded to us during the course of the audit.

If we can be of further assistance, please advise.

Ngā mihi nui,
Silks Audit Chartered Accountants

Cameron Town

Appointed Auditor / Audit Partner
Email: ctown@silks.co.nz
Encl: Board Report

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SILKS AUDIT
Chartered Accountants Ltd

1. EXECUTIVE SUMMARY

This report details the processes, findings and recommendations from our audit of Stratford Primary School (the "School") in accordance with the Auditor General's Auditing Standards which incorporate International Standards on Auditing (NZ), and the terms of our engagement as set out in our audit engagement letter. In accordance with our normal practice we enclose our comments on certain areas of the internal control and accounting practices which came to our attention during our recent audit. We also offer recommendations for possible courses of action.

Overall, we are satisfied that the School has presented its results for the year ended 31 December 2021 to a good level of compliance with applicable financial reporting standards. Adjustments made during the audit are noted in Appendix 1.

We have received full and frank co-operation. There is nothing we wish to raise solely with the Board.

2. AUDIT SCOPE AND OBJECTIVES

Appointed auditor responsibilities include a requirement to express an opinion on the School's financial statements arising from our audit conducted in accordance with the Auditor-General's Auditing Standards which incorporate International Standards on Auditing (NZ).

Our audit objectives are to:
report on whether the financial statements give a true and fair view, and
report to Management about control environment issues that should be addressed by the School.

A strong control environment would feature adequate segregation of duties over important financial processes, and independent reviews as compensating controls should it not always be practicable for the duties to be separated.

We have documented, tested and assessed the controls supporting the School's key transaction streams, and there are no significant weaknesses to report. Control weaknesses identified during the audit have been included in the Summary Findings section of this report.

Confirmation of audit independence

In conducting our audit, we are required to comply with the independence requirements of the Code of Ethics issued by the Professional Standards Board of Chartered Accountants Australia and New Zealand and the External Reporting Board.

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.

For the comfort of the Board, we note that the following processes assist in maintaining our independence:
No other work is permitted to be undertaken by Silks Audit Chartered Accountants.

We have not provided any non-audit services to the School. We confirm the independence of the Silks Audit engagement team. We are not aware of any relationships between Silks Audit Chartered Accountants and the School that, in our professional judgement, may reasonably be thought to impair our independence.

3. AUDIT APPROACH

The Board Members 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 2021 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 Member's 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.

4. Areas of audit 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	Audit Response	Audit findings
Revenue Completeness of revenue, particularly from locally raised funds, is a significant risk.	We have: • 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.	Our testing around revenue has not identified any issues that management should be aware of.

Risk	Audit Response	Audit findings
Payroll The nature of the Novopay payroll system raises an inherent risk of a material misstatement through internal and/or external processing.	We have: • Assessed the results carried out by Ernst & Young over the central processing of Novopay. • Cleared any unusual transactions identified by this testing at the individual school level.	Our testing around payroll has not identified any issues that management should be aware of.

	• Performed analytical review procedures and employee existence testing at the individual school level.	

Risk	Audit Response	Audit findings
Probity and Financial Prudence There is a risk that Crown funds may not be used for school related expenditure.	We have: • Considered the value, nature of transactions and the risk of fraud. • Considered the Board Members process for approval and monitoring of expenditure.	Our testing around probity and financial prudence has not identified any issues that management should be aware of.

Risk	Audit Response	Audit findings
Segregation of Duties The ability of a key person to override or manipulate receipt or recording of school funds through the exercise of control and opportunity. 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 opportunity for abuse of the school funds, but also puts a great responsibility and burden of trust on the person who has this control.	The separation of key accounting responsibilities is a critical internal control in any system to prevent misappropriation of funds, error or unrecorded transactions. 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	All schools will have segregation of duties risk but with careful monitoring and oversight by management and the Board this risk can be mitigated.

Risk	Audit Response	Audit findings
Management Override of Controls The ability of management to override controls over the financial reporting process creates a fraud risk.	• Our risk assessment process concluded that the risk of fraud from management override of controls was through processing manual journals. • Our procedures included a risk-based approach to testing manual journals that included assessment of unusual journals. • 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.	Our testing around manual journals has not identified any issues that management should be aware of.

Materiality and adjusted / unadjusted differences

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. During our audit we have identified adjustments. All adjusted differences have been detailed in Appendix 1 of this report.

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 10% or less of our materiality.

Going concern

Management and governance are required to make a formal assessment on going concern. Under Auditing Standards, we are required to review this assessment for appropriateness.

During the course of our audit we have identified no material misstatements. All unadjusted differences (none of which we consider material, either individually or in aggregate) have been detailed in Appendix 1 of this report.

Paragraph 15 of ISA (NZ) 570 states:

> 15. *The auditor shall enquire of those charged with governance as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.*

The assumption of going concern was concluded as appropriate given the School's funding sources and its operating budget for following financial period.

Fraud

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.

Compliance with laws and regulations

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.

Required communication

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

Standard	Our Response

Auditors responsibility under General Accepted Auditing Standards	We are responsible for the completion of an audit in accordance with the International Standard on Auditing (New Zealand). The detailed terms are included in our letter of engagement signed off by the Board at our previous renewal of contract.
Significant accounting policies	We had read the accounting policies and are satisfied that these comply with the relevant accounting standards and Kiwi Park Model disclosure.
Management judgements and accounting estimates	No management judgement or accounting estimate issues identified.
Significant matters	No significant matters identified.
Disagreements with management	No disagreements were had with school management.
Difficulties encountered during the audit	No difficulties were encountered during the audit.
Independence	There were no independence issues identified between the Silks Audit employees and/or spouses of those employees and the Board.
Independence – other services	We can confirm no other services were provided to the entity during the course of the audit
Laws and Regulations	The School have confirmed that the Board have complied with all necessary laws and regulations. We did not identify any significant breaches.
Fraud or Illegal Acts	From our enquiries with management and our audit testing we have not become aware of any significant fraudulent or illegal acts during the period.
Accumulation of unadjusted errors	We can confirm that all audit adjustments identified have been adjusted for in the financial statements. We can confirm that there is no accumulation of unadjusted errors which would impact on the financial statements
Deficiencies in internal control	As reported in the internal control section above.

5. OVERALL RESULT

There are no significant or material weaknesses arising from our audit.

Our audit work is complete. We have issued an unmodified audit report on the financial statements of the School for the year ended 31 December 2021. The audit report contains no matters or items that the Board needs to consider further.

General Comment

Section 87AB of the Education Act 1989 requires School Board to publish or make available to the public their Annual Report on the internet which is normally on the School's website. The annual report contains the Audited Financial Statements including our audit opinion, along with the Analysis of Variance, KiwiSport Report, and a List of the Board Members.

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 and after you have submitted your Annual Report to the Ministry of Education.

Payroll General Comment

School payroll controls

We consider the main risk to the accuracy of payroll payments is transactions being incorrectly processed, because of either fraud or error. The EdPay system relies on schools checking the accuracy of the payroll transactions processed by the school, as this information is not checked centrally.

To ensure the accuracy of payroll payments, our expectation has been that schools had the following key controls:

- effective access controls to EdPay, limiting access to "authorised users";
- changes to Masterfile data – such as bank account changes, new starters, or payments to non-salaried staff (such as relievers) - have appropriate supporting documentation and are appropriately authorised;
- checking of the fortnightly draft payroll (SUE) report and Novopay Online transactions report for accuracy; and
- review of the final fortnightly payroll (SUE) report by someone independent of staff who has access to EdPay.

During the year the Novopay Online transaction report was discontinued (in October 2021), and from about mid-2021 had not been a complete record of all transactions.

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 pay, or Masterfile changes. The lack of a complete Masterfile change report could also potentially provide an opportunity for a fraud to go undetected.

Our audit did not place reliance on payroll controls

Because the Novopay Online transaction report has not been available throughout the year we have been unable to rely on payroll controls as part of our audit work. This has meant we have had to carry out additional audit work on payroll.

These additional procedures have provided the necessary assurance over the payroll amounts in your financial statements.

Updated guidance on payroll controls is now available

Updated guidance on the controls within EdPay that should be operating at schools has recently been published on the EdPay website. The main change is that the Novopay Online transaction report has been replaced by several reports. To review and approve pay changes the following transaction histories should be saved, checked, and signed, ideally after transactions have been processed and prior to payment:

- timesheet history
- leave history
- activity history.

To ensure controls are effective schools also need to ensure that:

- there is segregation of duties between the processing and approval of payroll transactions;
- access to EdPay is controlled;
- payroll transactions are approved in line with delegations; and

- approvals are appropriately documented.

The guidance and resources on payroll controls for schools are available on the training page of the EdPay website. They consist of:

- A checklist of best practice payroll controls - School internal processes and controls – payroll.
- A video - How to use EdPay transaction histories (for checking and approving transactions).
- A printable 'how to' guide showing the transaction checking process - Checking transactions using the activity history and timesheet and leave histories.

No current report in EdPay to check and approve Masterfile changes

The online activity history for Masterfile changes, such as bank account and other changes to personal details within EdPay is still in development. The updated payroll guidance (referred to above) does suggest some interim procedures, consisting of taking screen shots of changes and having those approved. However, as this will not provide a list of all changes made, the Board needs to consider how it gets comfort that all changes are made with appropriate authorisation. Without a list of all Masterfile changes that can be approved by a second person (as segregation of duties is required for an effective control), this remains an area susceptible to fraud.

Recommendation

We recommend that the Board ask management for assurance that appropriate controls are in place at the school over payroll transactions, consistent with the updated guidance.

6. Internal control findings

Assessment of internal control

Our audit approach requires us to obtain an understanding of an school's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.

We remind you that our audit is not designed to express an opinion on the effectiveness of the controls operating within the entity, although we have reported to management any recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Our recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

Action Taken on Prior Year Management Letter Suggestions

We always appreciate the efforts made by Boards in implementing the recommendations in our previous year's management letter. We acknowledge and say thanks for the proactive manner in which the matters from the previous year's management letter have been addressed by your school.

We are pleased to note the following matters raised in last year's audit management letter have been addressed.

- Approval of Asset Purchase
- Cheque payments- No review of the invoice by one of the signatories before payment is made
- Budgeting for a loss
- Minutes
- Timesheets

Risk Rating

To enable management to set priorities on their action plans we have assessed our findings on the following basis, based on our assessment of the importance of each finding.

Summary

Finding	Risk Rating
No independent reviewer for credit card	
Credit card statement is not approved by the presiding member	
Petrol Card- POS Invoice not attached	
Petrol Card- No supporting documents- No invoices attached with the transaction	
Operational grant salaries is more than 67% of the Operational Grants	

Observations and recommendations

Matter	Observation	Recommendation	Management/ Governance Response
Credit Card -Board of Trustee Chairperson or member not signed	We noted on review of the credit card testing, in credit card statement there was no evidence of independent review by the chairperson, approving the expenditure by way of signature on the Credit card statement.	We recommend that all credit card statement should be approved by the presiding member by signing on the credit card statement.	
Credit Card – no independent review of the credit card transactions	We noted on review of the school's audit questionnaire that there is no independent review by a higher delegation of the credit card(s).	We recommend that all credit card purchases are reviewed by a higher delegation. A staff members credit card statement should be reviewed by the Principal and a Principals credit card statement should be reviewed preferably by the Board of Trustees Chairperson or Member except for the staff representative. When this review is carried out the invoices relating to expenditure should be reviewed to ensure all expenditure is for the purpose of the school and does not contain any expenditure of a personal nature. The credit card statement should be signed as evidence of the independent review. Any issues noted should be followed up immediately. This could include a lack of supporting documentation or repayment of personal expenditure.	

Operations Grants Salaries	We note that your operational grant salaries exceeded 67% of of your total operations grant.	In general, it is recommended that operational grant salaries should not exceed 67% of operational funding. Where this percentage is exceeded, the school is more likely to become reliant upon local funding to cover any deficit. As local funding is not a guaranteed source of income, the Board needs to be aware that this holding of additional staff could affect the financial performance and position of the school and therefore should be monitored closely.
Petrol Card- No supporting documents	We noted on the review of Petrol card walkthrough and testing, no POS invoices is provided.	We recommend that, all the petrol card statement should have all the related POS invoices and it should be approved by the principal or the presiding member.

APPENDIX 1 – ADJUSTED AND UNADJUSTED DIFFERENCES

Adjusted differences

There are no audit adjustments as at 31 December 2021.

The following audit adjustments were made to the financial statements:

Unadjusted differences

There are no unadjusted differences as at 31 December 2021.

The following adjustments were not made in the draft financial statements: