

26 July 2021

The Chairperson of the Board of Trustees
Mountainview High School
97 Pages Road
Timaru 7940

Dear Chairperson

RE: AUDIT OF 31 DECEMBER 2020 FINANCIAL STATEMENTS

Please find enclosed your Financial Statements for the year ended 31 December 2020, together with an unqualified audit report.

You will need to send an electronic copy the Audited Annual Report to the Ministry of Education via the education portal.

Auditors Responsibilities

The Auditor-General is required to audit the Financial Statements presented by the Board of Trustees; to express an independent opinion on the Financial Statements, and to report that opinion to you. This responsibility arises from the Education Act 1989, and Section 15 of the Public Audit Act 2001. We have been appointed by the Auditor-General to undertake the Audit.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming the audit opinion, we conduct detailed tests of selected transactions and review the key controls in place to ensure the effective operation of the accounting systems and internal controls. As a service to ensure you receive maximum benefit from the audit we note our evaluation of your systems and highlight areas of possible weakness or where we believe improvements can be made. Our motive is to offer objective and constructive advice so that the accounting function and related control issues can be improved in the future.

Required communications

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

- We had no disagreements with management during our audit nor any serious difficulties in dealing with management.
- We have not identified any instances of fraud involving senior management, or any other frauds that caused a material misstatement of the financial statements
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We reaffirm we are independent of your Board of Trustees, and that we have no relationship with your school that impairs our independence.

There are some matters arising and observations from the audit which we now bring to your attention.

Areas of Significant Audit Focus

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls and financial statements.

While the audit necessarily involves testing of your overall system of financial controls and reporting, we assessed some potentially significant risk areas in relation to your school. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity.

In the case of your school the following are the areas and issues in the current year that we assessed as significant risk areas:

- Risk of limited segregation of duties
- Risk of completeness around locally raised funds

We are pleased to advise that the audit testing of these assessed risk areas did not identify any significant issues or concerns other than the observations detailed below.

Audit adjustments

Management believes that there are no unadjusted differences to the financial statements and, as a whole, we agree with this position.

Accounting systems and controls

Segregation of Duties

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 note that significant portions of the day-to-day accounting functions are solely under control of your administrator. We wish to point out that nothing in our review of your systems has led us in any way to question the integrity of this or any other employee.

We appreciate that it may be difficult to segregate the administrator's duties but with careful monitoring and oversight by management and the Board this risk can be mitigated. Where possible, one option is to have members of the team periodically rotate duties. As a minimum, it is important to have someone else on your team able to perform these tasks and doing so occasionally, such as when the key person takes leave.

Publication of Annual Report

From 2017 it became a requirement for schools to publish their Annual Reports online; please ensure that you have published 2019 and 2020 reports appropriately.

Declaration of Interests

The Office of the Auditor General recommends that schools either have an interest register for Board members to record any activities that might cause a conflict of interest, or to have a standing agenda item for declaration of conflicts of interest.

Record Keeping

From the Ministry of Education's records, 83 Chromebook devices were sent to the school as part of the COVID19 Home Learning support scheme. The school was unable to provide supporting documents, such as a packing slip to support the number of devices received. The school had received 63 devices, therefore the number of devices unaccounted for were 20. We recommend the school to keep proper accounting records.

Yours faithfully



Jane Jackman

Appointed Auditor

Nexia Audit Christchurch