

# ROKOKAURI SCHOOL

## ANNUAL FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### School Directory

**Ministry Number:** 1930

**Principal:** Desiree Smith

**School Address:** 462 Rotokauri Road, Rotokauri, Hamolton

**School Postal Address:** 462 Rotokauri Road, Rotokauri, Hamolton

**School Phone:** 07 849 5068

**School Email:** [office@rotokauri.school.nz](mailto:office@rotokauri.school.nz)

#### Members of the Board:

Name	Position	How Position Gained	Term Expired/ Expires
Paul Burt	Presiding Member	Elected	May-25
Desiree Smith	Principal ex Officio		
Brad Kells	Parent Representative	Elected	May-25
Ioana Manu	Parent Representative	Elected	May-25
Nathaniel Beets	Parent Representative	Elected	May-25
Sulaika Esselbrugge	Parent Representative	Elected	May-25
Andrea O'Rourke	Staff Representative	Elected	May-25

#### Accountant / Service Provider:

SRN Partners Chartered Accountants Ltd

# ROTOKAURI SCHOOL

Annual Financial Statements - For the year ended 31 December 2023

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# Rotokauri School

## Statement of Responsibility

For the year ended 31 December 2023

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 2023 fairly reflects the financial position and operations of the school.

The School's 2023 financial statements are authorised for issue by the Board.

Paul Burt

Full Name of Presiding Member

Paul Burt

Signature of Presiding Member

31/10/2024

Date:

Desiree Smith

Full Name of Principal

D. A. Smith

Signature of Principal

31/10/2024

Date:

# Rotokauri School

## Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Revenue</b>				
Government Grants	2	1,762,533	1,670,593	1,621,307
Locally Raised Funds	3	114,259	72,100	88,330
Interest		17,628	2,500	5,072
<b>Total Revenue</b>		<b>1,894,420</b>	<b>1,745,193</b>	<b>1,714,709</b>
<b>Expense</b>				
Locally Raised Funds	3	57,083	54,800	82,596
Learning Resources	4	1,400,428	1,336,615	1,227,423
Administration	5	101,612	110,250	96,720
Interest		2,168	-	1,476
Property	6	355,332	332,450	298,444
Loss on Disposal of Property, Plant and Equipment	11	39	-	92
<b>Total Expense</b>		<b>1,916,662</b>	<b>1,834,115</b>	<b>1,706,751</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>(22,242)</b>	<b>(88,922)</b>	<b>7,958</b>
Other Comprehensive Revenue and Expense		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>(22,242)</b>	<b>(88,922)</b>	<b>7,958</b>

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



# Rotokauri School

## Statement of Changes in Net Assets/Equity

For the year ended 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Equity at 1 January</b>		627,962	627,962	577,455
Total comprehensive revenue and expense for the year		(22,242)	(88,922)	7,958
Contributions from the Ministry of Education				
Contribution - Furniture and Equipment Grant		8,162	27,417	27,417
- Te Mana Tuhono		-	-	15,132
<b>Equity at 31 December</b>		613,882	566,457	627,962
Accumulated comprehensive revenue and expense		613,882	566,457	627,962
Reserves		-	-	-
<b>Equity at 31 December</b>		613,882	566,457	627,962

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.

# Rotokauri School

## Statement of Financial Position

As at 31 December 2023

	Notes	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	7	411,742	353,472	441,584
Accounts Receivable	8	112,552	114,555	100,127
Prepayments		7,240	7,250	6,313
Inventories	9	1,881	1,900	2,043
Investments	10	81,255	81,250	77,698
		614,670	558,427	627,765
<b>Current Liabilities</b>				
GST Payable		15,936	17,940	15,802
Accounts Payable	12	141,670	126,640	116,373
Revenue Received in Advance	13	3,156	3,200	-
Provision for Cyclical Maintenance	14	46,518	50,825	11,500
Finance Lease Liability	15	7,765	7,765	4,495
Funds held for Capital Works Projects	16	186,141	186,000	193,140
		401,186	392,370	341,310
<b>Working Capital Surplus/(Deficit)</b>		213,484	166,057	286,455
<b>Non-current Assets</b>				
Property, Plant and Equipment	11	411,043	411,045	395,243
		411,043	411,045	395,243
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	-	-	33,933
Finance Lease Liability	15	10,645	10,645	19,803
		10,645	10,645	53,736
<b>Net Assets</b>		613,882	566,457	627,962
<b>Equity</b>		613,882	566,457	627,962

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

# Rotokauri School

## Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
<b>Cash flows from Operating Activities</b>				
Government Grants		436,393	348,733	409,216
Locally Raised Funds		116,908	22,979	99,316
Goods and Services Tax (net)		133	2,138	1,109
Payments to Employees		(271,997)	(206,804)	(212,581)
Payments to Suppliers		(258,470)	(55,212)	(271,755)
Interest Paid		(2,168)	-	(1,476)
Interest Received		17,147	2,019	4,629
Net cash from/(to) Operating Activities		37,946	113,853	28,458
<b>Cash flows from Investing Activities</b>				
Purchase of Property Plant & Equipment (and Intangibles)		(61,437)	2,873	(22,322)
Purchase of Investments		(3,557)	(3,552)	(1,220)
Net cash from/(to) Investing Activities		(64,994)	(679)	(23,542)
<b>Cash flows from Financing Activities</b>				
Furniture and Equipment Grant		8,162	27,417	27,417
Finance Lease Payments		(3,957)	(35,563)	(7,840)
Funds Administered on Behalf of Other Parties		(6,999)	(193,140)	193,140
Net cash from/(to) Financing Activities		(2,794)	(201,286)	212,717
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(29,842)</b>	<b>(88,112)</b>	<b>217,633</b>
Cash and cash equivalents at the beginning of the year	7	441,584	441,584	223,951
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>411,742</b>	<b>353,472</b>	<b>441,584</b>

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



# Rotokauri School

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Statement of Accounting Policies

##### a) Reporting Entity

Rotokauri 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 statements have been prepared for the period 1 January 2023 to 31 December 2023 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 expense 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 best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition. During the year, the Board assesses the reasonableness of its painting maintenance 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. A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an underlying asset to the lessee. In contrast, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

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.

Finance lease liability disclosures are contained in note 15. Future operating lease commitments are disclosed in note 21.

#### *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.

Other Ministry Grants for directly funded programs are recorded as revenue when the School has the rights to the funding in the period they relate to. The grants are not received in cash by the School and are paid directly 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. Grants for the use of land and buildings 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 where conditions exist**

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 recognised as an asset and revenue when the right to receive funding or the asset has been established unless there is an obligation to return funds if conditions are not met. If conditions are not met, funding is recognised as revenue in advance and recognised as revenue when conditions are satisfied.

#### **Interest Revenue**

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

### **c) 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.

### **d) 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.



#### **e) 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.

#### **f) Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for expected 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.

#### **g) Inventories**

Inventories are consumable items held for sale and are 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.

#### **h) 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 material.

#### **i) 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 (funded by the Board) to buildings owned by the Crown or directly by the board 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 except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value 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	40 years
Furniture and equipment	10 years
Information and communication technology	5 years
Leased assets held under a Finance Lease	Term of Lease
Library resources	12.5% Diminishing value



#### **j) 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. If such indication exists, the School estimates the asset's recoverable service amount. 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 surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised.

#### **k) 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.

#### **l) 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 and annual leave earned, by non teaching staff, but not yet taken at balance date.

##### *Long-term employee entitlements*

Employee benefits that are not expected to be settled wholly before 12 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. Remeasurements are recognised in surplus or deficit in the period in which they arise.

#### **m) 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 or grants are recorded as revenue as the obligations are fulfilled and the fees or grants are earned.

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

#### **n) Funds held for Capital works**

The school directly receives funding from the Ministry of Education for capital works projects that are included in the School five year capital works agreement. These funds are held on behalf and for a specified purpose. As such, these transactions are not recorded in the Statement of Comprehensive Revenue and Expense.

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

#### **o) 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 the school's best estimate of the cost of painting the school and when the school is required to be painted, based on an assessment of the school's condition.

The School carries out painting maintenance of the whole school over a 7 to 10 year period. The economic outflow of this is dependent on the plan established by the school to meet this obligation and is detailed in the notes and disclosures of these accounts.

**p) 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 initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in surplus or deficit.

**q) 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.

**r) Budget Figures**

The budget figures are extracted from the School budget that was approved by the Board.

**s) 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

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Government Grants - Ministry of Education	442,769	355,098	420,837
Teachers' Salaries Grants	1,101,737	1,097,465	1,005,277
Use of Land and Buildings Grants	218,027	218,030	195,193
	<u>1,762,533</u>	<u>1,670,593</u>	<u>1,621,307</u>

The school has not opted in to the donations scheme for this year.

## 3. Locally Raised Funds

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

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
<b>Revenue</b>			
Donations & Bequests	25,330	15,100	23,495
Fees for Extra Curricular Activities	61,655	50,000	57,336
Trading	2,427	1,800	1,669
Fundraising & Community Grants	20,457	3,300	313
Other Revenue	4,390	1,900	5,517
	<u>114,259</u>	<u>72,100</u>	<u>88,330</u>
<b>Expense</b>			
Extra Curricular Activities Costs	55,270	53,000	81,290
Trading	1,813	1,800	1,306
	<u>57,083</u>	<u>54,800</u>	<u>82,596</u>
<i>Surplus/ (Deficit) for the year Locally Raised Funds</i>	<u>57,176</u>	<u>17,300</u>	<u>5,734</u>

## 4. Learning Resources

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Curricular	28,211	51,550	37,527
Information and Communication Technology	17,742	35,600	18,673
Employee Benefits - Salaries	1,297,962	1,225,465	1,120,784
Staff Development	9,468	13,000	2,490
Depreciation	47,045	11,000	47,949
	<u>1,400,428</u>	<u>1,336,615</u>	<u>1,227,423</u>



## 5. Administration

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Audit Fees	4,965	5,000	4,820
Board Fees	5,975	6,000	5,675
Board Expenses	4,703	5,000	5,751
Communication	228	300	190
Consumables	10,069	16,300	9,268
Other	7,117	6,350	7,798
Employee Benefits - Salaries	52,935	58,300	48,765
Insurance	3,720	4,000	3,503
Service Providers, Contractors and Consultancy	11,900	9,000	10,950
	101,612	110,250	96,720

## 6. Property

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Caretaking and Cleaning Consumables	10,480	8,600	8,841
Consultancy and Contract Services	55,190	34,200	33,838
Cyclical Maintenance	5,392	5,000	4,241
Grounds	3,492	5,720	2,722
Heat, Light and Water	10,052	11,400	11,813
Repairs and Maintenance	25,500	26,300	20,593
Use of Land and Buildings	218,027	218,030	195,193
Security	2,275	2,700	2,776
Employee Benefits - Salaries	24,924	20,500	18,427
	355,332	332,450	298,444

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

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Bank Accounts	411,742	353,472	441,584
Cash and cash equivalents for Statement of Cash Flows	411,742	353,472	441,584

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

Of the \$411,742 Cash and Cash Equivalents, \$186,141 is held by the School on behalf of the Ministry of Education. These funds have been provided by 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 2024 on Crown owned school buildings.



## 8. Accounts Receivable

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Receivables	-	-	2,279
Receivables from the Ministry of Education	9,162	9,165	-
Interest Receivable	1,120	1,120	639
Banking Staffing Underuse	4,271	4,270	16,369
Teacher Salaries Grant Receivable	97,999	100,000	80,840
	<u>112,552</u>	<u>114,555</u>	<u>100,127</u>
Receivables from Exchange Transactions	1,120	1,120	2,918
Receivables from Non-Exchange Transactions	111,432	113,435	97,209
	<u>112,552</u>	<u>114,555</u>	<u>100,127</u>

## 9. Inventories

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Stationery	1,881	1,900	2,043
	<u>1,881</u>	<u>1,900</u>	<u>2,043</u>

## 10. Investments

The School's investment activities are classified as follows:

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Current Asset			
Short-term Bank Deposits	81,255	81,250	77,698
	<u>81,255</u>	<u>81,250</u>	<u>77,698</u>

## 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
2023	\$	\$	\$	\$	\$	\$
Building Improvements	236,899	20,000			(10,097)	246,802
Furniture and Equipment	89,656	26,787			(15,657)	100,786
Information and Communication Technology	25,319	9,109			(10,113)	24,315
Leased Assets	22,629	1,448			(7,898)	16,179
Library Resources	20,740	5,540	(39)		(3,280)	22,961
<b>Balance at 31 December 2023</b>	<b>395,243</b>	<b>62,884</b>	<b>(39)</b>	<b>-</b>	<b>(47,045)</b>	<b>411,043</b>

The following note can be used for each class of asset that are held under a finance lease:

The net carrying value of furniture and equipment held under a finance lease is \$16,179 (2022: \$22,629)

### Restrictions

With the exception of the contractual restrictions related to the above noted finance leases, there are no restrictions over the title of the school's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

	2023	2023	2023	2022	2022	2022
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Building Improvements	412,275	(165,473)	246,802	392,274	(155,375)	236,899
Furniture and Equipment	174,051	(73,265)	100,786	159,696	(70,040)	89,656
Information and Communication Technology	58,029	(33,714)	24,315	68,708	(43,389)	25,319
Leased Assets	29,673	(13,494)	16,179	66,759	(44,130)	22,629
Library Resources	76,774	(53,813)	22,961	71,592	(50,852)	20,740
<b>Balance at 31 December 2023</b>	<b>750,802</b>	<b>(339,759)</b>	<b>411,043</b>	<b>759,029</b>	<b>(363,786)</b>	<b>395,243</b>

## 12. Accounts Payable

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Creditors	18,949	4,000	20,633
Accruals	16,671	16,680	8,936
Employee Entitlements - Salaries	102,963	102,960	84,810
Employee Entitlements - Leave Accrual	3,087	3,000	1,994
	<b>141,670</b>	<b>126,640</b>	<b>116,373</b>
Payables for Exchange Transactions	141,670	126,640	116,373
	<b>141,670</b>	<b>126,640</b>	<b>116,373</b>

The carrying value of payables approximates their fair value.

### 13. Revenue Received in Advance

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Grants in Advance - Ministry of Education	2,786	2,800	-
Other revenue in Advance	370	400	-
	<u>3,156</u>	<u>3,200</u>	<u>-</u>

### 14. Provision for Cyclical Maintenance

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
Provision at the Start of the Year	45,433	45,825	41,192
Increase to the Provision During the Year	25,850	30,000	4,241
Use of the Provision During the Year	(24,765)	(25,000)	-
Provision at the End of the Year	<u>46,518</u>	<u>50,825</u>	<u>45,433</u>
Cyclical Maintenance - Current	46,518	50,825	11,500
Cyclical Maintenance - Non current	-	-	33,933
	<u>46,518</u>	<u>50,825</u>	<u>45,433</u>

The schools cyclical maintenance schedule details annual painting to be undertaken. The costs associated with this annual work will vary depending on the requirements during the year. This plan is based on the schools 10 Year Property plan which was prepared by a Ministry Engaged Consultant.

### 15. Finance Lease Liability

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

	2023 Actual	2023 Budget (Unaudited)	2022 Actual
	\$	\$	\$
No Later than One Year	9,218	9,220	9,090
Later than One Year and no Later than Five Years	11,693	11,690	19,670
Future Finance Charges	(2,500)	(2,500)	(4,462)
	<u>18,411</u>	<u>18,410</u>	<u>24,298</u>
<b>Represented by</b>			
Finance lease liability - Current	7,765	7,765	4,495
Finance lease liability - Non current	10,646	10,645	19,803
	<u>18,411</u>	<u>18,410</u>	<u>24,298</u>

## 16. Funds Held for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects. The amount of cash held on behalf of the Ministry for capital works project is included under cash and cash equivalents in note 7.

	2023	Opening Balances \$	Receipts from MOE \$	Payments \$	Board Contributions \$	Closing Balances \$
New Shade Structure	230445	193,140	-	(6,999)	-	186,141
Totals		193,140	-	(6,999)	-	186,141

### Represented by:

Funds Held on Behalf of the Ministry of Education 186,141

	2022	Opening Balances \$	Receipts from MOE \$	Payments \$	Board Contributions \$	Closing Balances \$
New Shade Structure	230445	-	193,140	-	-	193,140
Totals		-	193,140	-	-	193,140

### Represented by:

Funds Held on Behalf of the Ministry of Education 193,140

## 17. 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.



## 18. Remuneration

### Key management personnel compensation

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

	2023 Actual \$	2022 Actual \$
<i>Board Members</i>		
Remuneration	5,975	5,675
<i>Leadership Team</i>		
Remuneration	364,645	339,870
Full-time equivalent members	3	3
Total key management personnel remuneration	370,620	345,545

There are six members of the Board excluding the Principal. The Board has held 10 full meetings of the Board in the year. 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:

	2023 Actual \$000	2022 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140-150	130-140
Benefits and Other Emoluments	3-4	3-4
Termination Benefits	-	-

### Other Employees

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

Remuneration \$000	2023 FTE Number	2022 FTE Number
100-110	2.00	2.00
	2.00	2.00

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

## 19. 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:

	2023 Actual	2022 Actual
Total	\$0	\$0
Number of People	0	0



## 20. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at 31 December 2023 (Contingent liabilities and assets at 31 December 2022: 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 continues to review the Schools Sector Payroll to ensure compliance with the Holidays Act 2003. An initial remediation payment has been made to some current school employees. The Ministry is continuing to perform detailed analysis to finalise calculations and the potential impacts of specific individuals, as such, this is expected to resolve the liability for school boards.

### Pay equity settlement wash-up amounts

In 2023 the Ministry of Education provided additional funding for non-teaching collective and pay equity agreements. The school is yet to receive a final wash-up that adjusts the estimated quarterley instalments for the actual eligible staff members employed in 2023. The Ministry is in the process of determining wash-up payments or receipts for the year ended 31 December 2023. However, as at the reporting date, this amount had not been calculated and therefore is not recorded in these financial statements.

## 21. Commitments

### (a) Capital Commitments

At 31 December 2023, the Board had capital commitments of \$210,858 (2022:\$193,140 as a result of entering the following contracts:

Contract Name	Contract Amount	Spend To Date	Remaining Capital Commitment
	\$	\$	\$
New Shade Structure	217,857	6,999	210,858
<b>Total</b>	<b>217,857</b>	<b>6,999</b>	<b>210,858</b>

### (b) Operating Commitments

As at 31 December 2023 the Board has no operating commitments.(operating commitments as at 31 December 2022:Nil).

## 22. 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

	2023 Actual \$	2023 Budget (Unaudited) \$	2022 Actual \$
Cash and Cash Equivalents	411,742	353,472	441,584
Receivables	112,552	114,555	100,127
Investments - Term Deposits	81,255	81,250	77,698
Total financial assets measured at amortised cost	605,549	549,277	619,409

### Financial liabilities measured at amortised cost

Payables	141,670	126,640	116,373
Finance Leases	18,410	18,410	24,298
Total financial liabilities measured at amortised cost	160,080	145,050	140,671

## 23. Events After Balance Date

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

### 24. Breach of law - Failure to meet statutory reporting deadline

While the school provided all financial information to the accountant in sufficient time for the annual financial statements to be submitted for audit by the 31st March 2024, the accountant was unable to meet the reporting deadline due to a combination of understaffing and staff illness. Accordingly the accountant accepts the responsibility for this legislative breach.

### 25. Breach of law - Failure to meet statutory reporting deadline

The Board of Trustees did not comply with section 137 of the Education and Training Act in that it did not submit its audited annual financial statements for audit by 31 May 2024.

## **Rotokauri School**

### **For the Year Ended 31 December 2023**

#### **Kiwisport Statement**

In 2023 the school received Kiwisport funding of \$3,076 (2022:\$3,137)

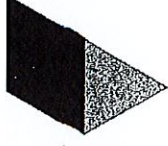
The funding was spent on:

- Increasing sports equipment
- Subsidising sporting events
- Student attendances at sport leadership days.
- Teaching staff availability to attend cluster events with students.
- Professional development workshops for staff and students.
- Employment of a swimming tutor during terms 1 & 4
- Introduction of new sport to the school(set up costs)

All these initiatives ensured that there was a high percentage of students participating and that ensured an equal opportunity for all.



# Statement of Variance Reporting

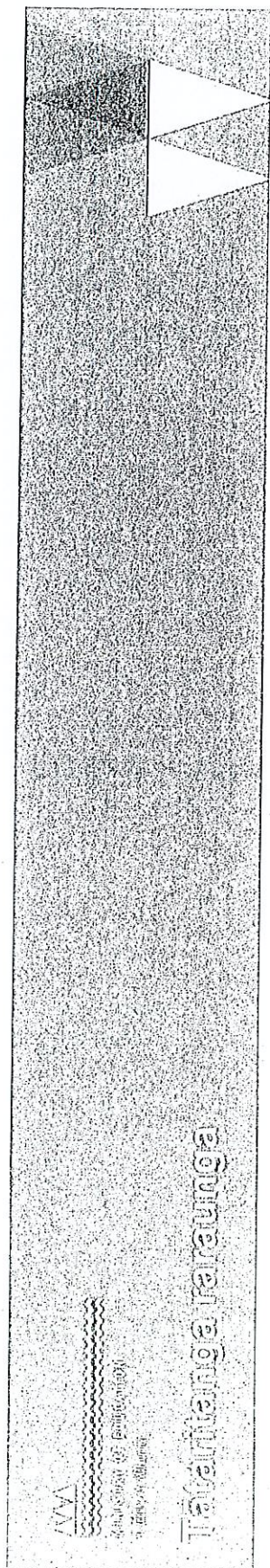


<b>School Name:</b>	Rotokauri	<b>School Number:</b>	1930
<b>Strategic Aim:</b>	Effective Learning – students will actively engage in their learning through curiosity and creativity.		
<b>Annual Aim:</b>	To increase the number of students At or Above their curriculum level in Mathematics (2022).		
<b>Target:</b>	<p>In 2023, we aim to lift mathematics achievement for each year level.</p> <p>Analysis of data identified the following cohorts to focus on in 2023 (Below or Well Below in 2022)</p> <p>Target group – Year 4 (2022) = 45% (8 students)</p> <p>Target group – Year 6 (2022) = 69% (13 students)</p> <p>Target group – Year 7 (2022) = 64% (18 students)</p>		
<b>Baseline Data:</b>	<p>At the end of 2022 using Maths Achievement Report OTJ data, 60% of 209 students were At or Above their curriculum level in Mathematics</p> <p>Year 1 (2022) = 73% (22/30 students) were at or above their curriculum level. (Excluding students less than 40 weeks)</p> <p>Year 2 (2022) = 67% (18/27 students) were at or above their curriculum level.</p> <p>Year 3 (2022) = 81% (17/21 students) were at or above their curriculum level.</p> <p>Year 4 (2022) = 55% (10/18 students) were at or above their curriculum level.</p> <p>Year 5 (2022) = 76% (22/29 students) were at or above their curriculum level.</p> <p>Year 6 (2022) = 32% (6/19 students) were at or above their curriculum level.</p> <p>Year 7 (2022) = 36% (10/28 students) were at or above their curriculum level.</p> <p>Year 8 (2022) = 52% (19/37 students) were at or above their curriculum level.</p>		

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<ul style="list-style-type: none"> <li>Maths lead teacher with support from team leaders worked to embed school wide practice of talk moves, multi-level teaching, class observations, use of ARBS, NZ Maths website.</li> <li>New staff supported my Maths lead teacher and team leaders to develop Rotokauri School pedagogy.</li> <li>New staff attended online workshops with facilitator Bina Kachwalla</li> <li>Continued professional development for staff on administering assessment, analysing, evaluating and designing learning programmes based on children's needs with a specific focus on strand teaching and integrating number.</li> <li>Strand moderation tasks were developed in Terms 1-3 and administered with</li> </ul>	<ul style="list-style-type: none"> <li>60% of students achieved <b>AT or ABOVE</b> their expected curriculum level.</li> <li>40% of students achieved <b>BELOW or WELL BELOW</b> their expected curriculum level.</li> <li>This is almost no disparity between our Maori and NZ European students</li> <li>achievement with 43% of Maori students and 42% of European students</li> <li>achieved <b>BELOW or WELL BELOW</b> their expected curriculum level. This means 57% of Maori and 58% of NZ European students were achieving <b>AT or ABOVE</b> their expected curriculum level.</li> <li>100% of our Pasifika students are <b>AT</b> the expected curriculum level.</li> <li>At an overall schoolwide glance there is no disparity between boys and girls overall with 40% of both males and females at <b>BELOW or WELL BELOW</b> and 60% of both males and females <b>AT or ABOVE</b></li> </ul>	<p>The use of talk moves has had a positive impact on all areas of the curriculum.</p> <ul style="list-style-type: none"> <li>Some teachers are confidently planning and teaching for mixed ability maths groups in their classrooms.</li> <li>Teachers who have been open to new learning and willing to reflect and refine have seen the positive effects on children's attitude towards learning.</li> <li>Some staff are becoming more confident integrating number and strand in their daily mathematics as well as other curriculum areas</li> <li>Strand moderation tasks were administered in Terms 1-3 with whole school moderation to maintain consistency.</li> </ul>	<ul style="list-style-type: none"> <li>Provide teacher aide support for target students in Terms 1 and 3</li> <li>Continue to build knowledge of ALL staff and sustain the mathematics pedagogy from our recent professional development journey.</li> <li>New staff to be supported as well as teachers who are still at the early stages of teaching using mixed ability grouping.</li> <li>Continue to embed the mixed ability group philosophy to help teachers to support the needs of children working across a range of curriculum levels and numeracy stages within their classes.</li> <li>Continue to maintain the talk move strategies and mixed ability grouping.</li> <li>Continue to explore using a range of tools (such as in</li> </ul>



<p>team and school wide moderation</p> <ul style="list-style-type: none"> <li>Teachers were expected to plan for mixed ability groups with the use of clinics to support specific knowledge or strategy gaps in learners.</li> <li>Teachers were expected to use talk moves to support children to share their mathematical thinking.</li> <li>Teachers used a range of assessment tools to help them form robust OTJs eg anecdotal notes, book work, PAT, Gloss/Jam and strand moderation tasks</li> <li>Teacher aide support was allocated to target students for a 15 weeks to reinforce knowledge and strategy teaching. This was allocated outside the maths time to double to impact</li> <li>Maths observations were carried out in Term 2 to give feedback and feedforward to teachers.</li> </ul>	<p>Do I need to go into detail about shifts in progress</p>	<p>class observations, anecdotal notes, and book work as well as GLOSS/JAM and Maths moderation tasks) to form OTJs</p> <ul style="list-style-type: none"> <li>Hold a curriculum night to share with parents the changes in mathematics teaching and how they can support at home.</li> </ul>
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			<ul style="list-style-type: none"> <li>• Establish a whole school Handwriting Programme as part of our local curriculum</li> <li>• Investigate changes to refine 5 and 6 year old testing to reflect our shift towards structured literacy pedagogy and to be meaningful and purposeful for teachers and parents</li> <li>• 2023 data analysis to be completed before the student management system rollover due to the limitations of eTAP.</li> </ul>
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#### Planning for next year:

- Rotokauri School has successfully been approved for Ministry funded hours for schoolwide Structured Literacy professional development with Emma Nahna.
- The Board of Trustees will provide funding for two terms of professional development with Emma Nahna to further develop staff pedagogy and practice.
- The Board of Trustees will continue to budget for purchasing of resources in line with the Structured Literacy changes.
- A lead teacher for Literacy will be provided with release time to monitor the literacy teaching and learning programmes within the school and provide feedback to the Board of Trustees during the year.
- Management to continue to review the Literacy curriculum at Rotokauri School and to develop a localised Literacy curriculum.

**Planning for next year:**

Provide a description of the actions the board will take to address any targets that were not achieved. This may involve including aims and targets in next year's planning document to address the variance.



# Statement of Variance Reporting



<b>School Name:</b>	Rotokauri	<b>School Number:</b>	1930
<b>Strategic Aim:</b>	Effective Learning- students will actively engage in their learning through curiosity and creativity (2021)		
<b>Annual Aim: WRITING</b>	To increase the number of students Writing at or above their curriculum level.		
<b>Target:</b>	In 2023 we aim to lift writing achievement for each year level.		
<b>Baseline Data:</b>	<p>At the end of 2022 using Writing data 61% of students were writing At or Above their curriculum level.</p> <p>Year 1 (2022) = 100% (18/18) were writing at or above their curriculum level</p> <p>Year 2 (2022) = 89% (24/27) were writing at or above their curriculum level</p> <p>Year 3 (2022) = 84% (16/19) were writing at or above their curriculum level</p> <p>Year 4 (2022) = 53% (9/17) were writing at or above their curriculum level</p> <p>Year 5 (2022) = 63% (17/27) were writing at or above their curriculum level</p> <p>Year 6 (2022) = 39% (7/18) were writing at or above their curriculum level</p> <p>Year 7 (2022) = 36% (10/28) were writing at or above their curriculum level</p> <p>Year 8 (2022) = 42% (15/36) were writing at or above their curriculum level</p>		

## **How Rotokauri School is giving effect to Te Tiriti o Waitangi**

Rotokauri School celebrates New Zealand's cultural diversity and ensures that all students feel culturally safe and valued.

We celebrate and value a variety of cultures by recognising cultural differences.

We respect the unique experience of Māori as tangata whenua.

At Rotokauri School we give effect by:

- Providing instruction in tikanga Māori (culture) and te reo Māori (language).
- Singing waiata in assemblies and in classrooms.
- Integrating tikanga and te reo Māori through curriculum areas where appropriate.
- Start the day with a karakia.
- Use a variety of greetings in te reo Māori and other languages.
- Using phrases throughout the day which are understood by students.
- Have the school values on display in English and te reo Māori.
- Increase and improve our kapa haka group, participating in the cluster kapa haka festival.

The actions taken by the school align with the principles of the Treaty of Waitangi by:

1. Planning and delivering the New Zealand histories curriculum.  
We acknowledge and value the histories, cultures and identities of all New Zealanders.
2. Development of the in-school cultural leader.  
We will establish a leadership role within the school to support staff and students.

3. Monitoring progress and equity for Māori students.

We are addressing disparities and ensuring fair and inclusive for all students.

Future Focus

- Appointment of BOT funded tutor.
- Signage in te reo Māori around the school.
- Plan for a marae trip in 2025.
- Foster relationships with local iwi.
- More regular engagement with whānau.
- Develop a school pepeha.
- Biannual cultural food festival.



### **Statement of Compliance with Employment Policy**

For the year ended 31st December 2022 the Rotokauri School Board:

- Has adhered to its personnel policies within policy and procedural frameworks to ensure the fair and proper treatment of employees in all aspects of their employment.
- Has reviewed its compliance against these policies as per the review schedule, and can report that it meets all requirements and identified best practice.
- Is a good employer and complies with the conditions contained in the employment contracts of all staff employed by the Board.
- Ensures all employees and applicants for employment are treated according to their skills, qualifications and abilities, without bias or discrimination.
- Meets all equal employment opportunities requirements.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE READERS OF ROTOKAURI SCHOOL'S FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Auditor-General is the auditor of Rotokauri School (the School). The Auditor-General has appointed me, M K Castillo, using the staff and resources of Owen McLeod & Co 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 19, that comprise the statement of financial position as at 31 December 2023, 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 2023; 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 Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 4 November 2024. 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 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 arise from section 134 of the Education and Training Act 2020.

### **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 Edpay 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 arise from the Public Audit Act 2001.

#### **Other information**

The Board is responsible for the other information. The other information comprises the information included on page 1 Statement of Responsibility, Members of the Board schedule, Kiwisport note, statement of Compliance with Employment Policy, Statement of Variance Reporting, Report on how the school has given effect to Te Tiriti o Waitangi, cover page and index page, but does not include the financial statements, 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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

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



M K Castillo  
Owen McLeod & Co Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand

4 November 2024

The Board Members  
Rotokauri School  
462 Rotokauri Rd  
R D 9  
Hamilton 3289

Dear Board Members,

**Audit Management Letter For The Year Ended 31 December 2023**

**1. Introduction**

We have completed the audit of Rotokauri School's (the School) financial statements for the year ended 31 December 2023.

The purpose of this letter is to bring to the attention of those charged with governance the significant matters that arose during the course of our audit and matters of interest as required by *ISA (NZ) 260 Communication with Those Charged with Governance* and other ISA (NZ) standards.

You will appreciate that while our audit is carried out in accordance with the Auditor-General's auditing standards, it cannot, and should not, be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency.

The responsibility for public accountability and the implementation and monitoring of internal and management controls rests with management and the Board Members.

This letter has been prepared for the Board Members and is intended only for use by you. We accept no responsibility to any other party in relation to whole or part of its contents.

**2. Responsibilities and Scope in Relation to the Audit**

The Board Members are responsible for preparing the financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR) and for implementing appropriate internal controls with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

We are responsible for conducting the 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) (ISA (NZ)) issued by the New Zealand Auditing and Assurance Standards Board, and forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

**3. Timing of the Audit**

The audit was completed and dated 4 November 2024.

**4. Audit Opinion**

We have issued our unmodified audit opinion on the financial statements for the year ended 31 December 2023.

**5. Going Concern Assumption**

The financial statements were prepared on the basis that the school is a going concern. As required by the Office of the Auditor-General, we reviewed this assumption in terms of the criteria set out in the Auditing Standard ISA (NZ) 570. Based on the supporting evidence we concluded that the use of the going concern assumption was appropriate given the School's funding sources and its operating budget for the following financial period.

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## **6. Management Judgements and Estimates**

Under International Standards on Auditing (NZ) we have a responsibility to communicate with management and the governing body the process used by the School in forming particularly sensitive accounting estimates, assumptions or valuation judgements. Overall, we note that the judgements and estimates by management in preparing the results for the year ended 31 December 2023 appear reasonable.

The most significant areas of judgement, assumptions and estimates by management relate to:

- Provision for cyclical maintenance and cyclical maintenance expense
- Depreciation rates to ensure that fixed assets are written off over their estimated useful lives

We are not aware of any other sensitive accounting estimates, assumptions or valuation judgements made by the School.

## **7. Materiality**

In the context of an audit, materiality means, 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 level of work to be performed, which items and balances require work and for the evaluation of the financial report. Materiality is initially calculated at the planning stage and has an influence on the level of work we do. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

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 6% or less of our planned materiality.

## **8. Probity, Waste and Performance**

We are required to consider whether any approved payments could be considered extravagant or wasteful, or show a lack of probity or financial prudence. We have tested a sample of expenses for the year, and we did not identify any such items to report. However, we remind you of the importance to remain vigilant in your oversight of school expenditure.

## **9. Findings Arising from the Audit**

### **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.

Guidance on the controls within EdPay that should be operating at schools is available on the EdPay website ([School internal processes and controls – payroll](#)). 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.

The final fortnightly payroll (SUE) report should also be reviewed to ensure the amounts paid are as expected. We would expect this review to include consideration of whether all those paid in the period were employed by the school, whether the amounts paid are as expected, and where amounts have changed since the previous period, whether those changes are expected and have been authorised.



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.

This means that, while an initial review of the transaction history reports and the fortnightly draft payroll (SUE) report might be carried out by the payroll administrator, to check the accuracy of data entry, the final fortnightly payroll (SUE) report and **activity history reports** should be reviewed by someone independent of the staff who have access to EdPay.

### ***Refresh of EdPay's guidance on controls***

The current guidance to schools on controls (referred to above) notes that the online activity history for Masterfile changes, such as bank account and other changes to personal details within EdPay, is still in development. The guidance does suggest some interim procedures, consisting of taking screen shots of changes and having those approved. However, as this does not provide a list of all changes made, we do not consider this to be an effective control.

We understand from the Ministry that the activity history report now provides details of all Masterfile changes (except changes to employees' addresses). However, this change has not been communicated to schools. EPL and the Ministry are currently refreshing the guidance to schools on payroll controls, and we have been told that this will be available soon.

### ***Recommendation***

We recommend that the Board ask management for assurance that appropriate controls are in place at the school over payroll transactions, and that these controls are considered against the updated payroll guidance once it is published by EdPay.

### ***Board Minutes***

Board meeting minutes demonstrate to stakeholders that the school/kura and its' board act appropriately and in accordance with legal and contractual requirements. They also document that principles of good governance and informed decision-making are being followed. The minutes should record the following matters:

- Review and approval of the annual audited financial statements;
- Review and approval of the annual cyclical maintenance plan (painting);
- Review and approval of the School Annual Accrual Report (end of year payroll report);
- Review and approval of the budget (including an income statement, balance sheet, and cash flow), budget should include teachers' salary and notional lease;
- Review and approval of monthly financial statements;
- Approval of payments.

We noted the School has not approved the budget, annual cyclical maintenance plan and School Annual Accrual Report (end of year payroll report for the financial year. Please ensure that these are reviewed, approved and minuted each year.

## **Independent checks on Payroll**

During the school visit, we noted that there is no evidence that the Principal / Board Member independently checks and signs off Activity history report. To strengthen the payroll controls, we recommend that the person who is responsible for the independent check on Activity history report as well as other reports that EdPay published (i.e. timesheet history, leave history) as explained above – School payroll controls.

## **Sensitive expenditure**

The Auditor-General's auditing standards require us to test a sample of sensitive expenditure, and also be alerted to matters that may indicate waste, or show a lack of probity or financial prudence. Sensitive expenditure is any spending by an organisation that could be seen to be giving private benefit to staff additional to the business benefit to the organisation.

The OAG has also identified the following focus areas for auditors to be aware of when carrying out this testing.

### *Use of Credit Cards*

The OAG has observed that many schools have poor controls over credit cards, with many monthly statements not being approved by an independent person. Poor controls increase the risk of misuse of credit cards, including for personal use. This also includes the use of debit cards, fuel cards and overseas currency cards (which are essentially cash).

### *Expenses incurred by the Chairperson and the Principal*

The OAG has also observed that many schools have poor controls over expenses incurred by the Principal and Chairperson, with many invoices not being approved by an independent person. Poor controls increase the risk of misuse of school funds, including for personal use.

We would expect to see 'one-up' approval, meaning review and approval by someone more senior. This means the Board Chairperson must authorise payments on the Principal's credit card and Principal's expenses, and staff credit cards should be approved by the Principal.

### *What we did*

We have tested a sample of expenses for the year, including reimbursements of expenses and credit card expenditure.

### *What we found*

No specific concerns or findings were noted. However, we remind you of the importance to remain vigilant in your oversight of expenditure of the school.

## **Conflicts of interest – Good practice resources available**

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.



### **Review of cyclical maintenance plan (prepared as part of a 10YPP)**

We acknowledged that your Cyclical maintenance plan was prepared in 2022 as part of the 10YPP. This plan is required to be reviewed by a suitably qualified person every three years, which means the plan is due to be reviewed in 2025.

### **Internet Banking**

We recognise the efficiencies of this system with its key benefits of allowing an easier and prompt method of payment of accounts. However, there have been a number of cases reported in the media recently, involving internet fraud which highlight the need for close monitoring of this system. The School which has an internet banking system, should ensure that appropriate payment control procedures are put in place. Key controls for internet banking include:

- Senior management sets up the supplier accounts and all payments are approved by two signatories.
- Passwords must be kept secure and never shared – they represent the key to your funds.
- Senior management occasionally perform spot checks to verify the bank account numbers of suppliers to ensure that payments have been made to the correct parties.
- Payments are only made on original invoices that have been processed through the creditors system.
- Once a payment is made, the invoice should be cancelled. That is, all paid invoices should be marked as paid and preferably have noted the payment method and date.
- Audit trails of processing should be retained.
- Verification for the new payees by the second person as improvement procedures.

Following control systems such as these will help safeguard against fraud or the same invoice being paid twice.

### **Breach of Legislation – 31 March deadline**

The financial statements are required to be completed and available for audit by 90 days after balance date, at the latest. For the year ended 31 December 2023 this meant that they should have been forwarded to us by 31 March 2024. The financial statements for your school were received on 23 May 2024, which is after this date.

We appreciate the difficulty schools may experience in meeting this deadline imposed by Section 135 of the Education and Training Act 2020 but we recommend that every effort be made to comply with this requirement in the future years.

### **Breach of Legislation – 31 May deadline**

The Board has failed to comply with Section 137 of the Education and Training Act 2020 by not providing audited financial statements to the Ministry of Education by 31 May 2024.

The above breach has been adequately disclosed in your financial statements, so we have not referred to it in our audit report.

We suggest that the Board and management prepare an annual financial reporting timetable which assigns tasks and responsibilities and ensures that the required deadlines are met. We would be happy to discuss strategies for meeting these deadlines at a convenient time before the end of the school year.

## **10. Adjusted and Unadjusted misstatements**

Please find attached Appendix 1 lists adjusted misstatements found during the course of our work.

There were no unadjusted misstatements.



## 11.Key Financial Statement Audit Risks and Issues to be Communicated

<i>Key Matters</i>	<i>Responses</i>
Revenue Recognition	We documented the revenue systems, carried out appropriate controls testing and substantive audit procedures to address the risk of fraud in revenue recognition. We did not identify any material errors in relation to revenue recognition, whether due to fraud.
Locally Raised Funds	We documented the system on Locally Raised Funds, assessed the control environment and completed analytical audit procedures to address the risk of material misstatements around the completeness of locally raised funds due to its nature-often being cash. We have not identified any material misstatements, due to fraud.
Payroll	Payroll is processed by EdPay. The reliability of payroll processing is dependent on appropriate approval of payroll changes, checking of the fortnightly SUE report and review of School Annual Accrual Report (SAAR). We have discussed with management and documented controls on payroll, carried out control testing, analytical procedures and substantive audit procedures to address the risk identified on payroll. We have not identified any material misstatements in payroll, whether due to fraud or error. However, we have made some recommendations in this letter.
Cyclical Maintenance Provision	Cyclical Maintenance is an area of judgement and could lead to material misstatement in the financial statements. For schools to be able to calculate the appropriate provision a painting plan needs to be prepared and/or reviewed by a suitably qualified person. We have obtained and reviewed the School's Plan and assessed that the provision at balance date is reasonably correct. However, we have raised some recommendation in this letter.
Management override	We have discussed with management controls on expenditure authorisation, tested manual journals, reviewed accounting estimates and significant transactions that are outside the normal course of business to address the presumed significant risk on management override. We have not identified any instances of management override.
Qualitative Aspects of Accounting Practices	The accounting policies used by the entity are consistent with the previous year. We reviewed the accounting policies, accounting estimates and financial disclosures, we believe that these are appropriate.
Significant difficulties	During the audit, we encountered no significant difficulties.
Disagreements with Management	We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.
Written management representations	We received the standard signed representation letter for the year ended 31 December 2023. No other specific representations were requested except for going concern.
Other information	No material inconsistencies or misstatements were identified relating to the other information in the financial statements.
Other Significant matters	No other significant matters were raised from the audit.
Auditor Independence	We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.
Going Concern	No material uncertainties related to going concern were noted.
Non-compliance with Law or regulation	We have not identified any instances of noncompliance with Law or regulation except for breach of deadline 31 March and 31 May.

Significant deficiencies in internal control	No significant deficiencies in internal control were noted, however we have made some recommendations in this letter.
Fraud	We have not identified any instances of fraud involving senior management or any other frauds that have caused material misstatement in the financial statements.
Significant Risks	We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.

## 12. Conclusion

We remind the school to submit a single PDF file of your annual report, including audited financial statements and required signatures to the Ministry of Education via the Ministry's [School Data Portal \(external link\)](#). These audited accounts must be minuted at your next Board Members' meeting.

Please advise us in due course of the actions you propose to take in relation to the matters raised in this letter.

We wish to acknowledge the friendly assistance provided by your staff during the audit. If there is any further information you require, please do not hesitate to contact us.

Yours faithfully  
**Owen McLeod & Co Ltd**

  
**Marilyn Castillo**

# Rotokauri School

Year ending 31 December 2023

## Appendix 1

### Adjusted Errors:

1. To reclassify Principal Wellbeing funding as government grant

Code	Name	Group	Debit	Credit
	Government Grants - MOE	income	-	6,000.00
	Fees for Extra Curricular Activities	income	6,000.00	-
			6,000.00	6,000.00