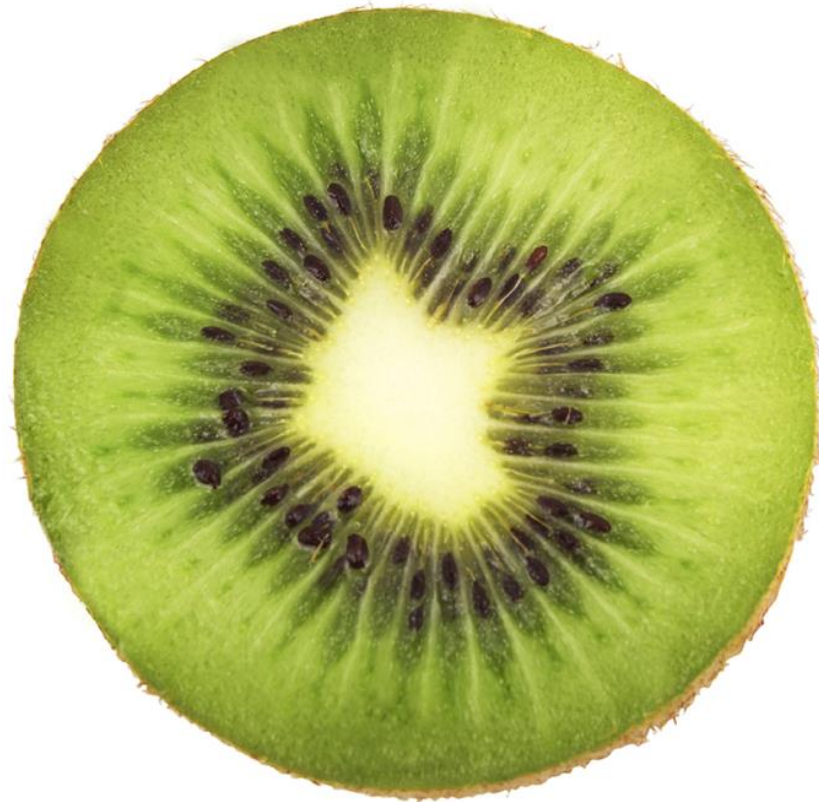


Deloitte.



SBM Conference

Audit Presentation

July 2019

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Introductions



Trevor Deed

- Audit Partner Deloitte
- Kiwipark Model role to MoE
- Advisor to a number of client Board members

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Silvio Bruinsma

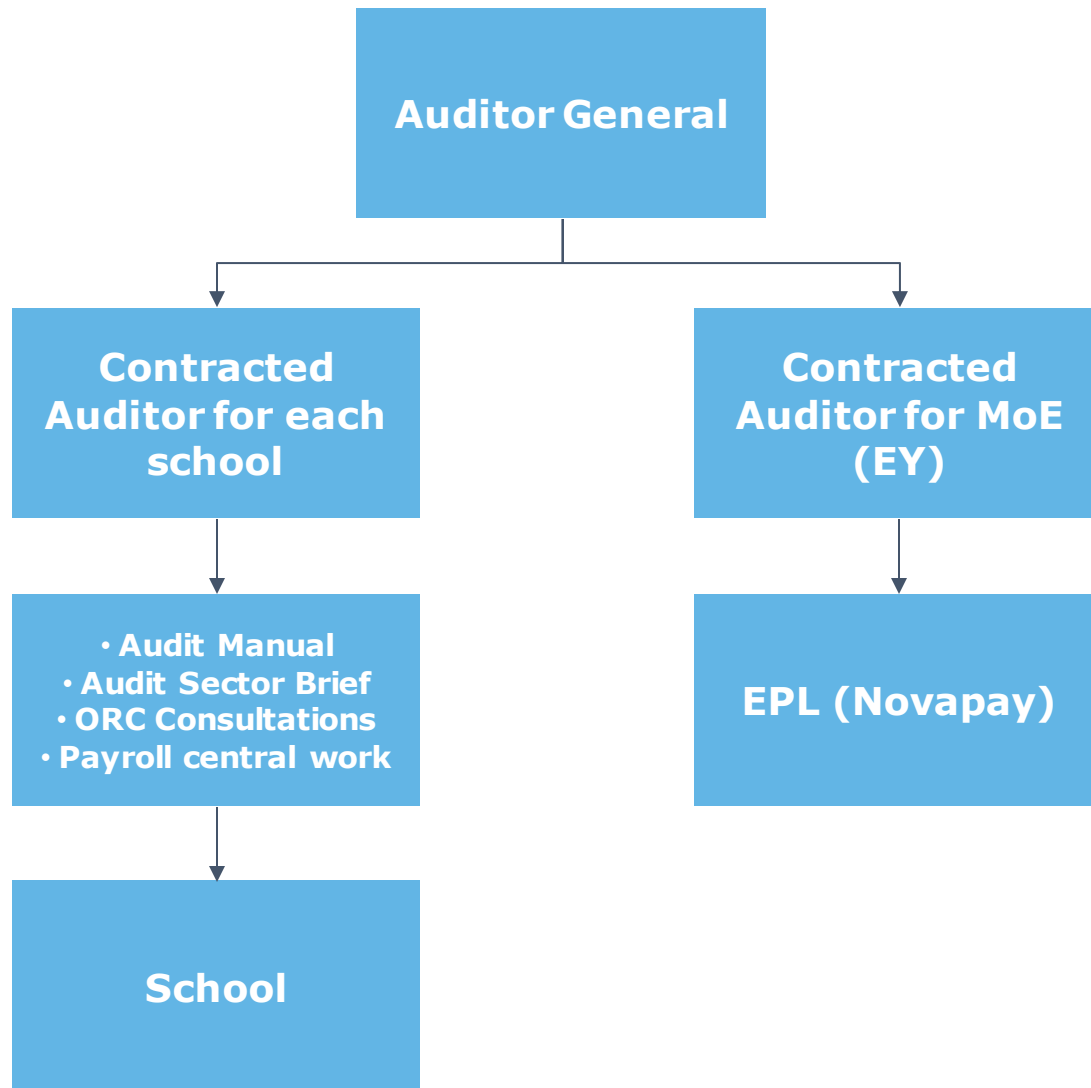
- Audit Partner Deloitte
- Analytics work to MoE

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1. Audit Relationships

1.1 Overall structure



1. Audit Relationships

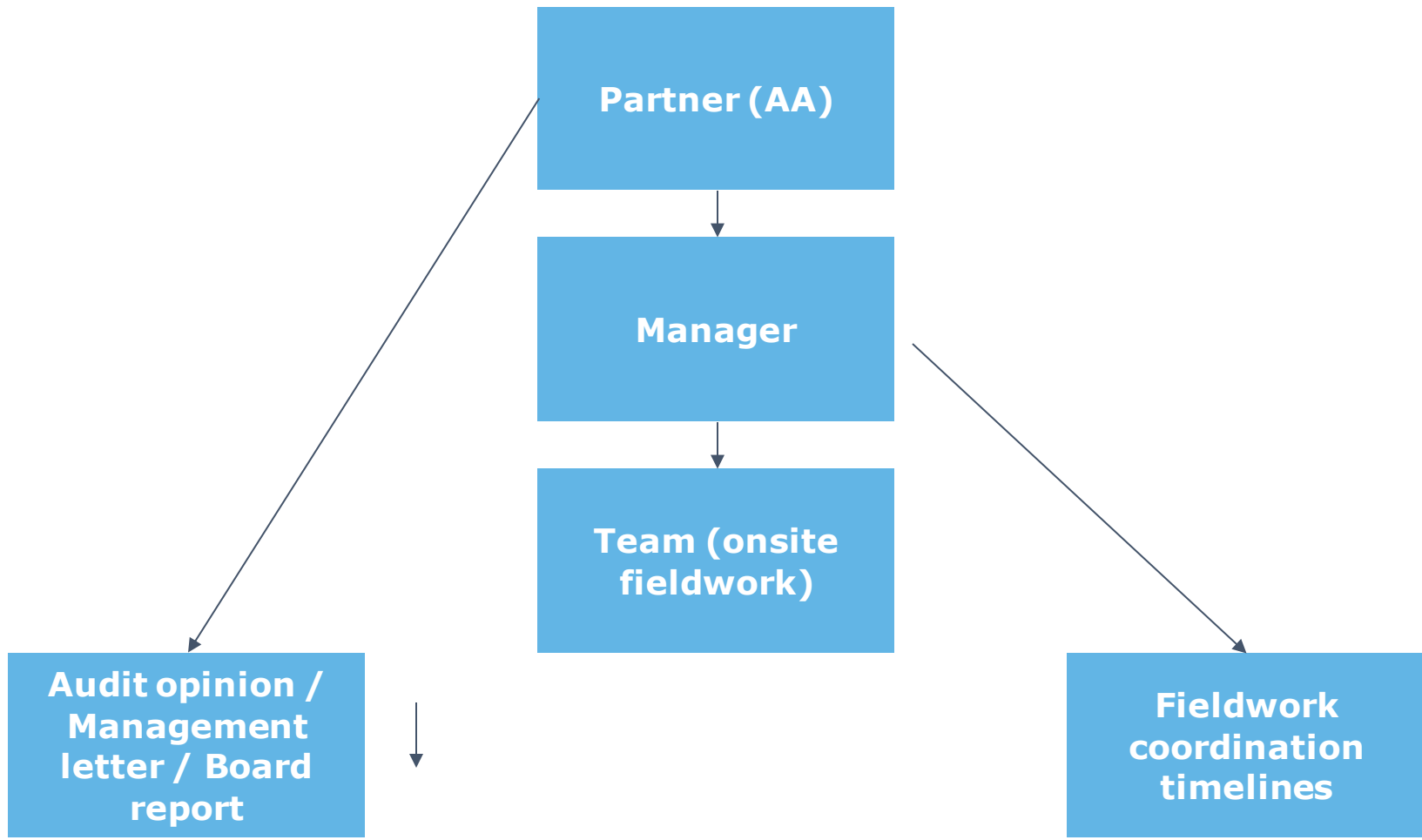
1.2 Appointment & Fees structure



- Appointed by OAG every 3 years through APL
- Contracted hours and \$ fee
- Agreed basis on overruns
 - < \$1000 by agreement
 - > \$1000 through OAG
- Fee changes need to be agreed
- Approved Auditor changes through OAG (very rare)

1. Audit Relationships

1.3 Typical Team structure





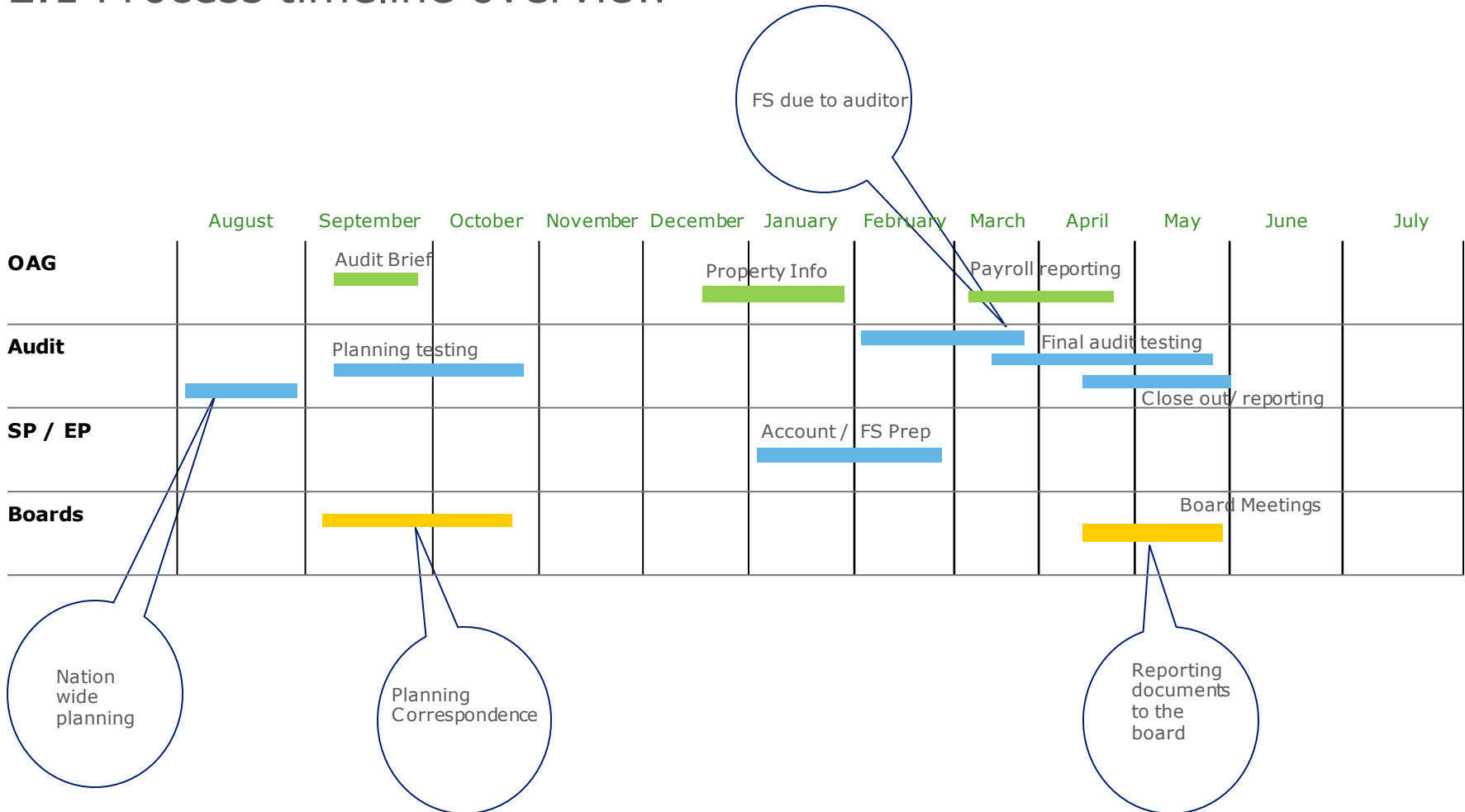
1. Audit Relationships

1.4 OAG / MOE role – how is the sector coordinated

- Sector lead role through the MOE audit overall
- Valuable to AA through Kiwipark Section
- OAG quality reviews on each AA at least every 3 years for compliance and quality
- When does the MOE get involved?
 - Kiwipark initiative
 - sector group feedback
- When does the OAG get involved?

2. Process, Process, Process

2.1 Process timeline overview





2. Process, Process, Process

2.2 Professional standard requirements

- ISAs have 670 odd specific documentation parts for an audit file
- AA's all have their own approaches and methodologies
- No requirement to visit the school annually
- No requirement to meet BOT's
- Internal control considerations, particularly payroll
- OAG requires more including:
 - legislative compliance with the Education Act (borrowing, investing, etc)
 - probity and wastage in expenditure
 - specific reporting such as timelines, audit hours and fees, audit report and management letter.

2. Process, Process, Process

2.3 OAG expectations



2. Process, Process, Process

2.4 School processes



- Impacted by quality of the people and SP's (highly variable!)
- Quality of the relationships really matter
- Understanding of the key information flows is low
- Kiwipark has made huge difference to the quality of FS

- **Deloitte Process**
- Central planning process for 86 schools in Wellington and 250 nationally (10%)
- Interim visit before 31 December to update what's happening at school and financial impacts on the year (30%)
- Audit fieldwork post balance date (30%)
- Financial reporting QA (10%)
- Audit file QA (20%)
- 60% of our schools with SP, balance in house.

2. Process, Process, Process

2.4 School processes



OAG information flows

- Timing and nature of payroll work evolving
- Inaccuracies have been a problem EY/EPL/MOE/OAG
- Cannot sign opinions with OAG sign off on exceptions reporting
- Holiday pay liability issue still unresolved

2. Process, Process, Process

2.5 School frustrations



Issue	Resolution
Different personnel at visits	Continuity drives efficiency for everyone – so have a timetable agreed and stick to it
On site one day and silence for two weeks?	Before they leave get an update and list of outstanding points. Get a contact point and agree next steps
Training ground for junior people with lots of silly questions	True - some aren't silly though as they have to be asked each year
Questions on top of queries before finalisation	Staff will report matters to Partners/Managers who will want clarity – ask the question why so you have context



2. Process, Process, Process

2.6 Key takeaways

- It's your process too – feel free to take active participation
- Time concentration means clarity of roles and timing really helps all
- SP's have their own timetables and multitude of priorities (we can't manage these)
- There are audit deliverables that you can assist with should you wish to do so examples include;
 - school planning update documentation
 - Board minutes
 - Payroll reconciliations and expectations analysis
 - Provision for cyclical maintenance documentation
 - MOE capital works projects documentation
 - Other file matters AA's may have

3. Continual Challenges



3.1 Internal controls

- Completeness over revenue, trading, activities, donations
- Policies and procedures out of date, delegated authorities and bank signatories
- Overseas travel rationale
- Fraud oversight and consideration



3.2 Associated entities

- OAG focus on these and Boards need to review these annually where Trustees sit on both?



3.3 Cyclical maintenance processes not well enough considered by Boards:

- In the Financial Statements preparation
- Through Budgets

4. 2018 Update



	2018	2017
FS completed on time	90.4%	93%
Audited by 31 May	82.8%	80%

5. Lessons Learnt

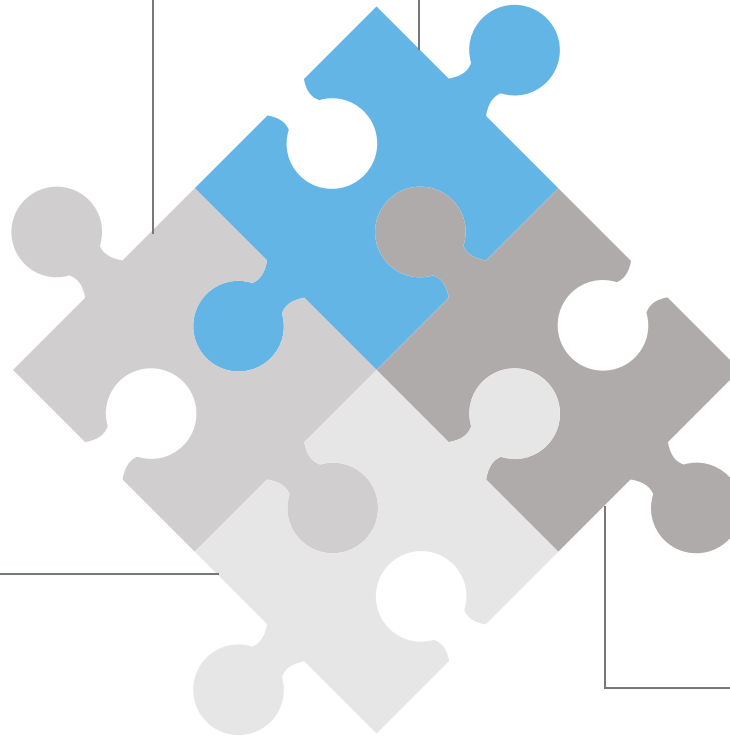


Legislative compliance

School employing a fund raising merger and funds passing through a separate entity

Qualifications

School with an out of date property plan and provision for cyclical maintenance



Board Expectation
Integrated school with financial challenges and a lack of clarity. EO was a one (woman) band and we had a "tough" conversation that accountants can't do everything!

Fraud

School managed project that timelines and budget blew out on. EO was a fraudster and fake project invoices and GST claims

6. Helping Each Other for 2019



6. Helping Each Other for 2019



MoE Guidance & Support

- New Trustees seminars on Finance through September nationally
- Kiwipark model working group update in October
- Key communications through their Bulletin

MOE courses: Finance 101 and covers the below topics:

- Governance and management structure in relation to school finance
- Roles and responsibilities in relation to school finance
- Common financial risk areas
- Financial management “good practices”
- Financial compliance – what are your financial obligations?
- Key transactions and areas of focus – common challenges in managing school finances

6. Helping Each Other for 2019



OAG Guidelines

- Payroll reports and Holidays Act compliance
- Policy and guidance regarding Overseas Travel

7. Support & Resources



- Changes for current year
- Audit Communication Plan – MOE
 - Holistic communications to all stakeholders
 - Provides context to OAG focus areas, process and expected timing of key information
 - Set out responsibilities
 - Delivered through the bulletin

Questions