

RSM Hayes Audit

Level 13, 125 Queen Street,
Auckland CBD, Auckland 1010

T +64 (9) 367 1656

www.rsmnz.co.nz

23 January 2025

The Chairperson
Board of Trustees
Swanson School
703 Swanson Road
Auckland 0612

Dear Principal and Chairperson

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the statutory auditor of the Board under section 14 of the Public Audit Act 2001. The Auditor-General has appointed a RSM Hayes Audit Office of the Auditor-General (OAG) Appointed Auditor, using the staff and resources of RSM Hayes Audit, under section 32 and 33 of the Act, to carry out the annual audits of the Board's financial statements for the three years ending 31 December 2024 to 31 December 2026.

The purpose of this letter is to outline:

- the terms of the audit engagement, including the nature and limitations of the annual audit; and
- my responsibilities as the appointed auditor, and your responsibilities as the Board for the financial statements.

This letter sets out the terms of engagement for the annual audits. Please sign and return the enclosed copy of this letter to acknowledge that you understand the terms of engagement.

Scope of the audit and our responsibilities

The objectives of the annual audit are:

- to provide an independent opinion on the Board's financial statements; and
- to report on other matters that come to our attention as part of the annual audit. Typically, those matters will relate to issues of financial management and accountability.

We will carry out the audit in accordance with the [Auditor-General's Auditing Standards](#), which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Board's financial statements are free from material misstatement. The Auditing Standards also require us to be alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

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An audit involves obtaining evidence about the amounts and disclosures in the financial statements. We use our judgement to decide how to do this, including assessing the risks of material misstatement of the financial statements because of fraud or error. We will also evaluate the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management, as well as evaluating the overall presentation of the financial statements.

We do not test every transaction or guarantee that the financial statements are completely accurate. Because of the inherent limitations of an audit, together with the inherent limitations of internal control systems, there is an unavoidable risk that we may not detect some material misstatements, even though the audit is properly planned and performed in accordance with the Auditing Standards.

In carrying out the audit, we consider internal control systems relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, we do not express an opinion on the effectiveness of your internal control systems, though we will write to you about any significant deficiencies in these systems that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Board and the School have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Board obtained and applied the resources of the School in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Board and the School have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

It is essential that the audit team and RSM Hayes Audit remain both economically and attitudinally independent of Swanson School including being independent of management personnel and members of the Board. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and RSM Hayes Audit.

To protect our independence, specific limitations are placed on us in accepting engagements with the Board other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Board and RSM Hayes Audit.

Your responsibilities

We will carry out our audit on the basis that the Board acknowledges its responsibility for:

- preparing the financial statements in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control, as determined necessary, to enable the preparation of financial statements that are free from material misstatement, whether because of fraud or error; and
- providing us with:
 - access to all information relevant to the preparation of the financial statements, such as records, documentation, and other information;

- all other information, in addition to the financial statements, to be included in the annual report;
- additional information that we may ask for from the school for the purpose of the audit;
- unrestricted access to Board members and employees that we consider necessary; and
- written confirmation about representations made to us about the audit.

The Board's responsibilities extend to all resources, activities and entities under its control, including ensuring that:

- the resources, activities and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Board and/or the individuals within the School with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Board has certain responsibilities relating to the preparation of the financial statements and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. The Auditor-General and RSM Hayes Audit take seriously their responsibilities under the Health and Safety at Work Act 2015, and we expect you to provide a safe and healthy working environment for our audit staff when they are working at your premises. Specific health and safety responsibilities are set out in Annex 1. We expect members of the Board to be familiar with all of the responsibilities set out in Annex 1 and, where necessary, have obtained advice about them.

The Board should have documented policies and procedures to support its responsibilities.

Reporting audit results

We produce two reports about the annual audit:

- **An audit report** attached to the financial statements containing an independent opinion that provides readers with reasonable assurance on whether the financial statements fairly reflect the financial position, the results of operations, and the cash flows of the School; and whether the financial statements comply with generally accepted accounting practice. The form and content of the audit report might need to be amended based on our audit findings. For example, we could include comments on financial difficulties, compliance with legislation, and other matters that we consider could be of interest to readers.
- **An auditor's report** to the Board of Trustees which raises matters that come to our attention during the audit that, in our opinion, are relevant to the Board – such as internal control weaknesses, probity matters, and compliance with legislation. We may send a copy of this to the Ministry of Education if we consider that it contains information that is relevant to the Ministry's responsibilities for schools.

The Auditor-General may refer to matters that are identified in the annual audit, in a report to Parliament if it is in the public interest in accordance with section 21 of the Public Audit Act 2001.

We require your acknowledgement of the terms of engagement

Please acknowledge receipt of this letter, and the terms of engagement for the audits, by signing the enclosed copy of the letter in the space provided and return it to us. The terms will remain effective until a new audit engagement letter is issued.

Please contact us as soon as possible if you wish to discuss the terms of engagement before replying, require further information, have any questions about the audits, or any concerns about the quality of the audits. If, after contacting me, you still have concerns, you can contact the Office of the Auditor-General at AuditorAppointments@oag.parliament.nz.

Yours sincerely



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RSM Hayes Audit
 On behalf of the Auditor-General

By signing this letter of engagement, I acknowledge the terms of engagement for these statutory audits and that I have the required authority to sign on behalf of the Board of Trustees.

Signed



Chris Hood - Principal

23/1/25

..... Date:

Swanson School
 Name and title

Annex 1 – Respective specific responsibilities of the Board and The Appointed Auditor

Responsibilities for the financial statements

Responsibilities of the Board

You are required by legislation to prepare financial statements in accordance with legal requirements and financial reporting standards.

You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements.

You are required by legislation to prepare the financial statements and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements ready for audit and in enough time to enable the audit to be completed. “Ready for audit” means that the financial statements have been prepared in accordance with legal requirements and financial reporting standards and are supported by proper accounting records and complete evidential documentation.

Responsibilities of the Appointed Auditor

We are responsible for carrying out an annual audit on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:

- present fairly, in all material respects:
- the financial position as at 31 December 2024, 2025, 2026; and
- the 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 Standards Reduced Disclosure Regime (PBE RDR (P5)).

We will also read the other information accompanying the financial statements and consider whether there are material inconsistencies with the audited financial statements.

Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements.

If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;

- the reasonableness of the significant accounting estimates and judgements made by those charged with governance;
- the appropriateness of the content and measures in any performance information;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We will ask you for written confirmation of representations made about the financial statements. In particular, we will seek confirmation that:

- the adoption of the going concern basis of accounting is appropriate;
- all material transactions have been recorded and are reflected in the financial statements;
- all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and
- uncorrected misstatements noted during the audit are immaterial to the financial statements.

Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.

We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements, or for some other reason beyond our control, as soon as possible after that.

The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.

Responsibilities for the accounting records

Responsibilities of the Board

You are responsible for maintaining accounting and other records that:

- correctly record and explain the transactions of the public entity;
- enable you to monitor the resources, activities, and entities under your control;
- enable the public entity's financial position to be determined with reasonable accuracy at any time;
- adequately record the methods, significant assumptions, and data that will be used to make and support the accounting estimates that will enable you to achieve recognition, measurement, or disclosure requirements as determined in the applicable financial reporting framework;
- enable you to prepare financial statements that comply with legislation (and that allow the financial statements to be readily and properly audited); and
- are in keeping with the requirements of the Commissioner of Inland Revenue.

Responsibilities of the Appointed Auditor

We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements.

If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.

Responsibilities for accounting and internal control systems

Responsibilities of the Board

You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and, where applicable, performance information reporting.

Responsibilities of the Appointed Auditor

The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements.

We will report to you separately on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.

Responsibilities for preventing and detecting fraud and error

Responsibilities of the Board

The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity), supported by written policies and procedures.

We expect you to formally address the matter of fraud and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.

We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you, or individuals within Swanson School with delegated authority, to immediately inform us of any suspected fraud where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved.

Responsibilities of the Appointed Auditor

We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements. We will review the accounting and internal control systems only to the extent required to allow us to express an opinion on the financial statements, but we will:

- obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and
- report to you any significant weaknesses in internal control that come to our notice.

We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.

As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.

If we become aware of the possible existence of fraud, whether through applying audit procedures, from advice from you or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.

Responsibilities for compliance with laws and regulations

Responsibilities of the Board

You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.

Responsibilities of the Appointed Auditor

We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:

- the relevance of the law or regulation to the audit;
- our assessment of the risk of non-compliance;
- the impact of non-compliance for the addressee of the audit report

The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor General all material and significant instances of non-compliance.

We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.

Responsibilities to establish and maintain appropriate standards of conduct and personal integrity

Responsibilities of the Board

You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a Code of Conduct and, where applicable, support the Code of Conduct with policies and procedures.

The expected standards of conduct and personal integrity should be determined by reference to accepted Codes of Conduct that apply to the public sector.

Responsibilities of the Appointed Auditor

We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.

The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.

The Auditor-General, on receiving a report from us, may, at their discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.

Responsibilities for conflicts of interest and related parties

Responsibilities of the Board

You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.

You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements in accordance with generally accepted accounting practice.

Responsibilities of the Appointed Auditor

To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements.

Responsibilities for publishing the audited financial statements on a website

Responsibilities of the Board

You are responsible for the electronic presentation of the financial statements on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.

If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.

Responsibilities of the Appointed Auditor

Examining the controls over the electronic presentation of audited financial statements, and the associated audit report, on your website is beyond the scope of the annual audit.

Responsibilities under the Health and Safety at Work Act 2015

Responsibilities of the Board

We expect you to work with us to ensure the health and safety of our audit staff.

You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:

- information, training, instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures;

- suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation;
- adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities;
- appropriately labelled and equipped first-aid kits;
- personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and
- protection from offensive conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs.

We expect you to work with us to resolve any health and safety concerns related to our audit staff.

Responsibilities of the Appointed Auditor

The Auditor-General and RSM Hayes Audit take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU) we will make arrangements with you to keep our audit staff safe while they are working at your premises or otherwise engaging with you on their audit work.

We will obtain an understanding of health and safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.

We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or don't do does not adversely affect the health and safety of other people.

We will co-operate with the workplace health and safety policies and procedures of Swanson School and will comply with any reasonable instructions given.

We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as an Executive Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.