

**PROPOSAL TO CONDUCT THE AUDIT OF Te Kura Kaupapa Maori O Ngati
Ruanui
ON BEHALF OF THE AUDITOR-GENERAL
FOR THE 2021, 2022, AND 2023 FINANCIAL YEARS**

Introduction

The Auditor-General proposes to appoint me to carry out the audit of Te Kura Kaupapa Maori O Ngati Ruanui for the next three years. As required by the Office of the Auditor-General (OAG), I set out below the information required in respect of the audit for the three financial years ending 31 December 2021, 2022, and 2023.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit;
- our proposed fees for the audit for the financial years ending 31 December 2021, 2022 and 2023, and the reasons for any changes;
- assumptions relating to the proposed audit fees, including what we expect of your school;
- certifications required by the Auditor-General; and
- our commitment to conducting the audit in accordance with the Auditor-General's Auditing Standards.

Statutory basis for the audit and how audit fees are set

Your school's audit is carried out under Section 15 of the Public Audit Act 2001, which states that

"The Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited".

The Education and Training Act 2020 requires school boards to produce an annual report which includes its annual financial statements. Section 135 of the Act requires the Auditor-General to audit those annual financial statements.



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Act. However, your Board and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

Our proposed audit fees are set out in this letter.

Entities covered by this Proposal

Te Kura Kaupapa Maori O Ngati Ruanui

Key members of the audit team (Also see attached Profiles)

Appointed Auditor: Cameron Town
 Alternate Appointed Auditor: Talia Anderson-Town
 Reviewing Managers: Mark Fraser & Sarah Jenkins
 Training Managers: Jordan Goldfinch & Lourika Vosloo

Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to data from the previous financial year):

Audit team member	2021	2022	2023
Appointed Auditor	8	8	8
Audit Manager	11	11	11
Other staff	36	36	36
Total audit hours	55	55	55



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The reasons for any change in the hours for your school's audit are explained below.

Structure of audit fees	2020 actual	2021	2022	2023
	\$	\$	\$	\$
Net audit fee	\$5,437	\$5,872	\$6,048	6,230
GST	\$816	\$881	\$907	\$934
Total (including GST)	\$6,253	\$6,753	\$6,955	\$7,164

Proposed audit fees

Our proposed fees for the next three audits (compared to data from the previous financial year) are:

The audit fees allow for undertaking specific tasks identified in the OAG Schools Audit Brief.

Reasons for changed audit fees

The Public Audit Act 2001 requires the Auditor-General to make sure that audit fees are “reasonable”, for the auditors who complete the audits for the Auditor-General and for each of the entities audited.

The audit fees charged for school audits vary between regions and between auditors. Over time, the complexity of school audits has increased, with new standards to meet and additional Ministry requirements in the Kiwi Park model financial statements. This gradual change in the complexity of school audits has not necessarily been reflected in the individual audit fees, and fees have not kept pace with the real costs of audits.

Mindful of funding pressures throughout the public sector, the Auditor-General has been hesitant to approve audit fee increases despite increasing professional requirements and rising expectations of auditors. The Auditor-General can no longer hold audit fees at their current levels and provide a fair return to school auditors. New Zealand is also facing challenges arising from the border closures, which have led to an industry-wide shortage of auditors, and that is putting further pressure on auditors’ costs.

The Auditor-General has spent some time considering how to best achieve reasonable audit fees to ensure appropriate audit quality, while also acknowledging the financial pressures on all public entities. He has advised that I can negotiate the following fee increase. This includes a larger increase in the first year than would normally be expected, and inflationary increases of 3% per annum for the following two years.



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In addition, specific school changes which have affected the audit hours required to complete the audit are set out in the following table.

There is much that an organisation can do to ensure the efficiency and effectiveness of the audit. This includes being well prepared for audit, having tidy systems and controls, and ensuring staff are available to assist the auditors as they carry out their audit work. We set out the expectations on which the fee is set below. I would welcome further discussion with you on where opportunities for reducing the time and costs of your audit can be identified.

The main changes in cost components for future audits are

Reasons for change compared to the 2020 budgeted hours and fees:	Hours	2021 (\$)	2022 (\$)	2023 (\$)
Increase for predicted staff salary and other cost movements. This includes the impact of the factors explained above.	No change	\$435	\$176	\$181

Expectations of your school relating to our audit fee

The School Board is responsible for ensuring its draft financial statements are submitted to the auditors with all necessary supporting documentation by 31 March, and the final annual report submitted to the Ministry of Education by the 31 May.

Our proposed audit fees are based on the following expectations of your school, in relation to the financial statements and our audit. The expectations apply even if you have delegated the preparation of your financial statements and main communications with us during the audit, to a financial service provider. You are ultimately responsible for ensuring that the following expectations are met:

- you will provide to us in a timely manner and no later than 31 March in each year, all the information required by us to conduct the audit;
- there are no significant changes to the agreed audit arrangements, (which will be set out in an annual letter we will send you) that change the scope of, the disbursements, or timing of the audit;
- your school’s financial statements will be prepared in accordance with the



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appropriate accounting framework and the mandatory Kiwi Park model financial statements, and will include all relevant disclosures;

- your school's annual report and financial statements will be subject to an appropriate
-

level of quality review before being submitted to us for audit;

- your staff (and the school's financial service provider, if applicable) will provide us with an appropriate and timely level of assistance, including responses to audit queries;
- we will review up to two sets of draft annual reports and one final copy of the annual report;
- there are no significant changes to the structure and/or scale of operations or activities of the school, and any related entities covered by this proposal (other than as already advised to us as shown in the tables above); and
- you have appropriate internal controls over your payroll expenditure, payments, and receipts, and you have evidence these have been operating throughout the year.

If the above expectations aren't adequately met, the OAG has allowed us to negotiate up to 15% additional audit fees, without seeking prior approval from them, although we will need to advise them about it. If our additional costs (due to the above expectations not being met) exceed that amount, or we incur additional fees for other matters, we are required to discuss that with the OAG before discussing additional charges with you.

If your school engages a financial service provider, it remains the responsibility of your school to ensure that the financial service provider is meeting these requirements.

If the scope and/or amount of work changes significantly, we will discuss the issues with you and the OAG at the time.

Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and



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the audit will be conducted in accordance with the terms and conditions of Engagement set out in the Audit Engagement Agreement and schedules.

Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level

of professional service. I will work with you, the OAG, and the Auditor-General in a collaborative manner to resolve any issues that may arise. If you require any further information, please do not hesitate to contact me.

Where to from here

Please counter-sign this letter (below) to confirm that you, and the school board, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my contract with the Auditor-General to carry out the audit of your school as the agent of the Auditor-General.

Nga mihi

Cameron Town

Cameron Town CA(CPP)
SILKS AUDIT Chartered Accountants Ltd

Acknowledgement

I confirm I accept the audit fees for the audit of the 2021, 2022, and 2023 financial years as stated above, and understand and accept the assumptions on which they are based.

Authorised signature *[Signature]* Date _____

Position PRINCIPAL

School Name Te Kura Kaupapa Maori O Ngati
Ruanui _____



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SILKS AUDIT
Chartered Accountants Ltd



Ministry of Education Number __2383__

Actions to take when agreement has been reached:

1. Take a copy of this agreed proposal for your school file.
2. Send the countersigned original to:

Cameron Town – Silks Audit Chartered Accountants Limited

Email a signed copy to ctown@silks.co.nz



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CHARTERED ACCOUNTANTS
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Ko te whakapapa o tōku tipuna, I te taha o tōku matua ko Ngāti Maru (Hauraki) tōku iwi, I te taha o tōku whaea ko Ngā Wairiki Ngāti Apa, Ngā Rauru, Ngāti Tuwharetoa, Te Atihaunui-a-Pāpārangi me Ngāti Kahungunu ōku iwi.

No reira Ko Ruapehu te maunga tu tonu, Ko Whangehu me Turakina te awa e rere, Ko Kurahaupo me Aotea nga waka, Ko Nga Wairiki Ngāti Apa te Iwi e noho ana, ko Rātana tōku tūrangawaewae, tōku kainga. toku Marae, Ko Whare Marama toku whare tipuna, Ko Talia Tiori Anderson – Town toku ingoa.

I am Talia Tiori Anderson – Town and I graduated in 2004 from Massey University with a Bachelor of Business Studies and a Post Graduate Diploma in Professional Accounting in 2005. I have been auditing since 2005 and became a Chartered Accountant in 2008. She is a Qualified Auditor with CAANZ, Appointed Auditor with the Office of the Auditor General, and Licensed Auditor registered with the Financial Markets Authority.

Other roles I currently hold include being a Trustee on a Maori Trust and Board member on Te Manu Atatū Whanganui Māori Business Network. I am an appointed member by the Minister of Health on the Whanganui District Health Board and Chair of the Finance Risk and Audit Committee.

I am also the Chair of the Whanganui Local Committee for Chartered Accountants Australia and New Zealand.

Area of Expertise

- Māori organisations (Māori Authorities (Te Ture Whenua Act 1993), Māori Land Court investigations, Māori Trust Boards, Post Government Settlement Entities, Māori farms and Māori Fisheries)
- Education sector including schools, Kohanga Reo, private training organisations and early childhood centres.
- Issuers and FMC Reporting Entities (Farms, Forests, Merchandise and Services)
- Companies (Private, National, and International) including overseas shareholding.
- Charitable Organisations and Trusts
- Incorporated societies
- Defence force non – public funds
- Real Estate Trust Accounts
- Agricultural Sector –Farms and Forests
- Gambling Operators and sports trading



Cameron Town was raised, educated, and continues his professional life in Whanganui, while enjoying the opportunity to get out and about with our clients all around the country – making Silks Audit a mobile audit firm with the ability to work remotely.

Cameron has been auditing since 1999 and became a Chartered Accountant in 2006. Cameron has a Certificate of Public Practice and became an audit partner and owner in 2011. He is a Qualified Auditor with CAANZ, Appointed Auditor for the Office of the Auditor General, and Licensed Auditor registered with the Financial Markets Authority.

Cameron is a regional councillor with Chartered Accountants Australia and New Zealand, and a member on Chartered Accountants Australia and New Zealand trans-Tasman audit advisory committee. Cameron provides professional development courses for Chartered Accountants Australia and New Zealand and he is also a board of trustee member on his children's school.



Area of Expertise

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- Defence force non – public funds
- Real Estate Trust Accounts
- Agricultural Sector – Farms and Forests
- Gambling Operators and sports trading
- Anti-Money Laundering & Countering Financing of Terrorism (AML/ CFT)



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