



21 March 2018

Karen McMurray
President
Manurewa Principals' Association
C/o Randwick Park School
66 Riverton Drive
Randwick Park
Auckland 2105

Dear Ms McMurray

RESULTS OF THE 2016 SCHOOL AUDITS

Thank you for your letter of 23 February 2018, setting out your concerns about our recent report on the results of the 2016 school audits. I received this letter by email from Kim Pastars on 7 March 2018.

School Boards of Trustees (Boards) are Crown Entities, and as such are accountable to their communities, and the public, for the resources, activities and entities under their control. Boards are responsible for the governance and operation of their schools. This includes having documented policies and procedures to support the Board's general responsibilities to ensure:

- it operates effectively and efficiently;
- it complies with laws, regulations, and contractual requirements;
- waste is minimised; and
- it conducts its business with probity - that is, the Board meets Parliament's and the public's expectations of appropriate standards of behaviour in the public sector.

As part of that accountability, the Education Act requires boards to prepare annual financial statements and have them audited. Our audit considers whether the Board has prepared and presented its financial statements in keeping with relevant accounting standards. We also consider certain aspects of laws and regulations that affect the financial statements, and matters of probity and financial prudence.

Once the audit is complete and the Board has signed its financial statements, a Board receives an audit report signed on behalf of the Auditor-General. The Board will either be provided with a copy of the audit report, or the auditor will discuss the proposed content of the audit report with the Board, before the audit report is issued. At this time any concerns raised by the Board about the proposed opinion will be considered. While the auditor will make changes if evidence shows that the report includes factual errors, the audit report includes our independent opinion on the school's financial statements.

The audit report is a public document that accompanies the school's annual financial statements, which the school should make available with its Annual Report to the school community. Our recent report on the results of the 2016 school audits summarised the audit reports we had issued during 2017, and listed all those schools that had received a non-standard audit report. The report brings together accountability information for the school sector, in an open and transparent way. We do this because we want New Zealanders to be informed about public sector performance so they have trust and confidence in the public sector.

We report each year to the Ministry of Education on the results of the school audits, and we decided to publish the report on our website last year, in the interests of transparency. We plan to continue to publish

the results of our school audits on our website each year. The recent update to the Education Act 1989, requiring schools to publish their Annual Reports on their websites, will also help improve transparency.

You are interested to understand the appropriate amount for a school to spend on a gift. This will always be a matter of judgement having regard to circumstances. Those circumstances include that schools are publicly funded and seek donations from parents to operate the school and educate children. We suggest you contact the Ministry of Education for further guidance, as the Ministry is best placed to help schools with these matters.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'T. Beardsworth', with a long horizontal flourish extending to the right.

Todd Beardsworth
Assistant Auditor-General Accounting and Auditing Policy