

An aerial photograph of a tropical coastline. On the left, there is a calm bay with clear, turquoise water. A small, sandy beach is nestled between the water and a dense, lush green forest that covers the right side of the image. The forest appears to be a thick canopy of trees. The overall scene is serene and natural.

# Te Tira Ahu Pae Incorporated

Closing Report to the Board  
Year ended 31 December 2024

**WilliamBuck**

# Table of contents

Summary

---

Audit focus areas: summary

---

Focus areas

---

Summary of adjusted and unadjusted audit differences

---

Areas of improvement

---

Risk of fraud

---

Communication of other matters

---

About William Buck

---



# Summary

## Te Tira Ahu Pae Incorporated

We are pleased to present our report for the audit of Entity for the period ended 31 December 2024.

We'd like to express our appreciation for the cooperation and assistance which we received during the course of our audit from all the staff of Te Tira Ahu Pae Incorporated.

This report summarises our audit approach and findings as well as providing any recommendations for areas of improvement identified during the audit process.

### Independence

William Buck's independence has been confirmed by all engagement team members.

### Audit opinion

We issued an unmodified audit opinion over the financial report for the year ended 31 December 2024.

### Audit focus areas identified

- Management override of controls
- Revenue recognition

### Areas of improvement

- High Annual Leave Balance

A number of specific observations and recommendations for improvement have been included in the report below, along with more general observations. We encourage the Members to ensure that these matters are reviewed and addressed.

We trust that you find this report informative, and we appreciate the opportunity to be of service to you.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact me.

Yours sincerely



Bonita Swanepoel

Partner

1 May 2025



**Bonita Swanepoel**

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A group of four business professionals are gathered around a table in a modern office setting. A man in a light blue shirt is on the left, smiling and looking towards the center. In the foreground, the back of a person's head is visible. To the right, a woman with long dark hair is smiling and looking at a laptop. Another woman is partially visible on the far right, also smiling. The laptop has the HP logo on it. The background shows a large window with a view of greenery outside.

# Audit focus areas

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# Audit focus areas: summary

During the audit of the entity, we identified the following risk areas within the financial report. We have summarised the significant risk areas and material adjustment in each of these areas:

Focus area	Risk	Management judgement	Audit adjustment	Area of improvement
Management override of controls (Refer to slide 9)	Significant	Yes	-	-
Revenue recognition (Refer to slide 9)	Significant	-	-	-

## Legend

Significant	Higher
Matters identified which had a high impact on the financial statements and/or audit.	Matters identified which had a moderate impact on the financial statements and/or audit.

# Summary of adjusted and unadjusted audit differences

## Adjusted audit differences

<i>Reduce Annual Leave Accrual relating to MUSA</i>	\$	35,524
<b>Impact – reduction of loss for the year</b>	<b>\$</b>	<b>35,524</b>

## Unadjusted audit differences

— Refer to the Letter of Representation to the auditors for a summary of the minor Unadjusted Differences, if any.



# Areas of improvement, fraud risk, and communications



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# Areas of improvement

## Observations



### High Annual Leave Balance

The entity has several employees with high annual leave balances.

## Recommendations



We appreciate that it can be difficult to facilitate annual leave; however high annual leave balances have several implications as follows:

- It places a significant burden on the company's liabilities.
- When leave is taken or paid out, the rate of pay is the current one at the time the leave is taken or paid, not the time at which it was accrued. This becomes an extra up-front cost for the company.
- Not taking a break from work for a lengthy period, may have adverse effects on the employee's wellbeing and consequently, their productivity. In serious cases, a potential claim for stress could follow later on; and
- Not taking annual leave is one of the characteristics of fraud or trying to conceal something. We wish to point out that nothing in our audit has led us in any way to question the integrity of these or any other employees, nor have we identified or been notified of any circumstances of fraud resulting from high annual leave.

We would recommend that this situation be reviewed in order to reduce these levels of annual leave accrual, by agreed reduction through annual leave taken.

It is also important to have someone else on your team able to perform the tasks of these people and doing so regularly, particularly when the person takes leave.



# Risk of fraud



Management override of controls and risk of fraud in revenue recognition	Audit response	Summary of findings
<p>An area of audit significance is the risk of material misstatement of the financial report due to fraud. We obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through implementing appropriate responses.</p> <p>Management override of controls and risk of fraud in revenue recognition are always pervasive risks to the financial statements, and we have planned testing to respond to these risks. Our assessment of the risk of management override of controls includes how those charged with governance (including elected officials) exercise oversight of management's processes for identifying and responding to risk of fraud and the internal control that management has established to mitigate these risks.</p>	<p>Our audit response is a combination of controls and substantive-based testing and include:</p> <ul style="list-style-type: none"><li>— evaluating and testing key controls over manual journals and the extent of segregation of duties</li><li>— testing a sample of revenue transactions during the year</li><li>— performing analytical procedures over revenue recognition.</li><li>— testing contract asset and liability balances as part of the assessment of revenue recognition.</li></ul> <p>We also build an element of unpredictability into our work program meaning management will not be aware of all procedures prior to their execution.</p>	<p>We noted that journals are not authorised, we recommend that the manual journal list should be printed and presented to the Board at each board meeting to enable the board to get an understanding of the volume and type of journals processed. If the volume of journals become too high, this should be investigated by the board. The board should minute that they have performed this review.</p> <p>The person that is authorised to process journals should preferable not also have authorisation to setup and release bank payments. Again, we understand segregation of duties in small organisations can be difficult.</p> <p>The above review of manual journals should mitigate the risk for the Board.</p>

# Future changes in the financial reporting framework



Area	Financial impact	Action
<p>The new Tier 3 (NFP) Standard is required to be applied for accounting periods ending on or after 31 March 2025. Earlier application is permitted for accounting periods that end after 15 June 2023.</p> <p><b>Which areas are impacted by the new standard:</b></p> <ol style="list-style-type: none"><li>1. Service performance reporting</li><li>2. Accumulated funds</li><li>3. Asset valuation</li><li>4. Opting up</li><li>5. Revenue recognition</li><li>6. Required categories of revenue and expenses</li></ol>	<p>The change which could have the largest impact on your entity is the recognition of revenue from grants and donations. This impacts how an entity recognises its revenue by moving from an “use or return” conditions model to a “documented expectation” model.</p> <p>Additional information regarding the key changes can be found on XRB’s website: <a href="#">Reporting Requirements for Tier 3 Not-for-Profit Entities »</a> <a href="#">XRB</a></p>	<p>The entity should assess how the new standard will affect its financial reporting, including changes to revenue recognition, expense and revenue classification, and financial statements disclosure.</p>

# Communication of other matters

## Required communications with management and governance



### Disagreements with management or significant difficulties

There have been no disagreements with management in completing the audit.

### Independence

The engagement team and others in the firm as appropriate, the firm and network firms are independent in accordance with relevant ethical requirements and any regulatory requirements that apply to the audit engagement.

### Other communications with management

There have been no other significant discussions with management that have not been reported to you or included in this report.

### Non-audit fees

We have not charged any non-audit related fees to the entity in the period under review. Any other services, which we may provide from time to time, at your request, are distinct from our function as auditors. These additional services can only be provided where they do not impair our independence. We have implemented policies and procedures designed to deliver high quality services in line with our professional obligations. Our [Transparency Report](#) describes our Systems of Quality Management.

### Fraud

During the audit we have not identified or been notified by your office of any circumstances of fraud.

### Going concern

During the audit there have been no material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern and require further consideration or disclosure within the financial report.

### Use of other auditors and specialists

William Buck did not require the assistance of another audit firm or specialist in performing the audit of the entity.

### Laws and regulations

During the audit there has been no evidence that the entity has not complied with laws and regulations pertaining to the entity.

A photograph of two people in an office setting. In the foreground, a woman with long dark hair and glasses is smiling and looking towards the right. She is wearing a light-colored top and a pearl bracelet. Behind her, a man with glasses and a dark suit is also smiling and looking at a laptop screen. The background is blurred, showing an office environment with windows and other people.

# About William Buck

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## **Tax Services**

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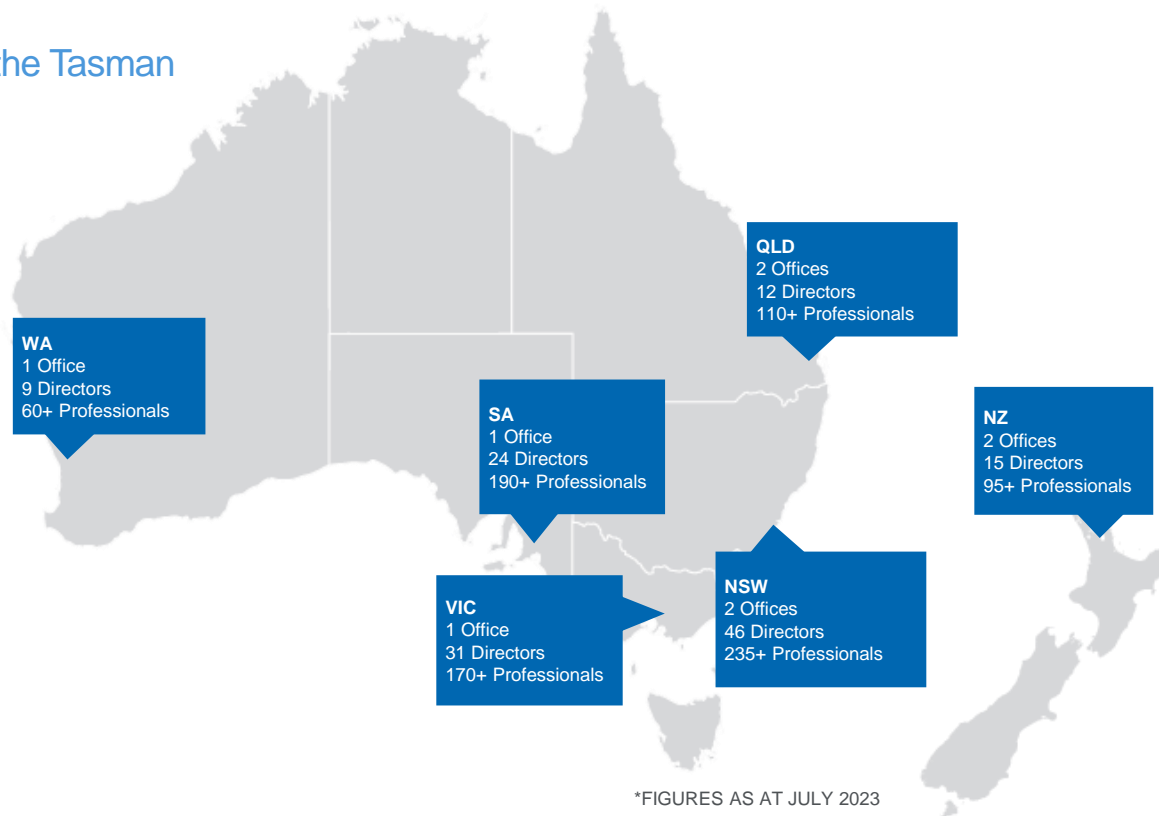
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# WB

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## Ngā Mihi

This report is prepared on the basis of the limitations set out below.

This report is prepared solely for the information of those charged with governance and is not intended for any other purposes. We accept no responsibility to a third party who uses this report. The matters raised in this report are only those that came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Our comments should be read in the context of the scope of our work. Findings within this report may have been prepared on the basis of management representations. Suggestions for improvement should be assessed by the entity for their full commercial impact before they are implemented.

This report has been prepared solely for your use as management of the entity and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

