



30 June 2021

Auditor's Report to Those Charged with Governance

Public Health Association of New Zealand
Incorporated

Contents

1. Results of the Audit Process	1
1.1 Scope and purpose of audit engagement	1
1.2 Responsibilities of the Trustees	1
1.3 Independence statement	1
1.4 Materiality	1
1.5 Outcomes from audit of key performance report risk areas	1
1.6 Observations and recommendations arising from the audit	2
1.7 Update on prior year observations and recommendations	Error! Bookmark not defined.
1.8 Confidentiality	3
2. Other matters to be communicated	4
3. Summary of adjusted and unadjusted audit differences	5
3.1 Adjusted audit differences	5
3.2 Unadjusted audit differences	5



Crowe New Zealand Audit Partnership

Level 1, Findex House
57 Willis Street, Manners Street,
Wellington 6011
PO Box 11976
Manners Street, Wellington 6142
Main +64 4 471 0006
Fax +64 566 6077
www.crowe.nz

25 November 2021

Grant Berghan

Public Health Association of New Zealand Incorporated
PO Box 11243
Manners Street
Wellington 6142

Via email: Grant@pha.org.nz

Dear Grant

Annual Financial Statement Audit for the Year Ended 30 June 2021

We have recently completed our financial statement audit of Public Health Association of New Zealand Incorporated (the "Association") for the year ended 30 June 2021, and we have pleasure in providing our report on the results of the audit process.

If you require further information on the matters raised in this report please do not hesitate to make contact.

We would like to take this opportunity to thank management and staff for the courtesy and assistance extended to us throughout the audit process.

Yours sincerely

Crowe New Zealand Audit Partnership

Les Foy

Senior Partner

T +64 4 466 4833

M +64 21 471 828

E les.foy@crowe.nz

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.

Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

© 2021 Findex (Aust) Pty Ltd

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

1. Results of the Audit Process

1.1 Scope and purpose of audit engagement

We have completed our audit of the Association's annual financial statements for the year ended 30 June 2021 and issued our audit opinion. Based on our audit procedures we can confirm the annual financial statements presents fairly, in all material respects, the financial position of the Association as at 30 June 2021 and its financial performance and cash flows for the year then ended.

Obtaining reasonable assurance that the financial statements are free of material misstatement, involved us making an assessment of the risk of material misstatement, whether due to fraud or error, and then applying audit procedures, using our professional judgment, to mitigate that risk. While we considered internal control relevant to the preparation of your annual financial statements, our audit procedures mainly comprised substantive tests (i.e. transactional and confirmation type testing).

Our audit procedures are designed primarily for the purpose of expressing an opinion on your annual financial statements. We do not examine every transaction, due to the scope of the audit engagement; there is an unavoidable risk that some misstatements or errors may remain undiscovered. Our report does not include all possible improvements to your internal controls, which a more extensive review might satisfy.

1.2 Responsibilities of the Executive Council Members

The Executive Council Members are responsible for the preparation and fair presentation of the financial statements which fairly reflect the financial position of the Association as at 30 June 2021 and the financial performance for the year ended on that date.

To meet this objective, the Executive Council Members are ultimately responsible for the maintenance of proper accounting records and an adequate system of internal controls to minimise the risk of material financial statement misstatement.

1.3 Independence statement

Members of the Audit Team and Partners of Crowe have confirmed their independence from the Association for the year ended 30 June 2021.

1.4 Materiality

Materiality is defined as the magnitude of omission or misstatement individually, or in aggregate that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person would have been changed or influenced by such omissions or misstatement. It is a matter of professional judgment and is influenced by quantitative and qualitative factors.

For the 30 June 2021 audit the materiality level was set at \$26,200. We consider that the cumulative and individual effect of all balances and movements above materiality to be significant.

1.5 Outcomes from audit of key performance report risk areas

Key audit and accounting issues arising during the year relate to those areas of audit focus as listed below:

Audit Risk	Audit Response
<p>Fraud in revenue recognition</p> <ul style="list-style-type: none"> The risk of a material misstatement of revenue through fraud or error is a mandatory significant risk (though rebuttable in certain circumstances) to be addressed by the auditor. 	<ul style="list-style-type: none"> We made enquiries to understand the process and internal controls for significant revenue streams, including performing a walkthrough to confirm this understanding and ensure the process and internal controls are appropriate.
<p>Management override of controls</p> <ul style="list-style-type: none"> The risk of management overriding controls exists in all entities and is a mandatory significant risk to be addressed by the auditor. Material misstatement of financial statements due to fraud often involve the manipulation of the financial reporting process by recording inappropriate or unauthorised journal entries, bias in accounting estimates and the existence of significant transactions outside the normal course of business. 	<ul style="list-style-type: none"> Professional scepticism was maintained while undertaking audit procedures on subjective balances in the financial statements. Journals posted into the general ledger were selected on a sample basis and traced back to supporting documents to verify that they were appropriate.

1.6 Observations and recommendations arising from the audit

We highlight the following matters for the attention of the Executive Council Members together with recommendations for management to consider, to further strengthen the internal control environment of the Association. These include any observations and recommendations arising from prior year audits that have not yet been satisfactorily resolved, or still require further attention of the Executive Council Members.

1.6.1 Uploading documentation to Xero

We noted during our audit that some documentation has not been uploaded into Xero.

By storing supporting documentation in the cloud, it allows easier access for both the accountant and auditor. It also provides the benefit of having a secure offsite backup of source documentation related to the Association's operations.

Recommendation:

We recommend that once invoices have been approved and authorised that the signed document be uploaded into Xero. Similarly, we recommend that supporting documentation for significant revenue items should also be uploaded.

Management comments

TBC

1.6.2 Evidence of employees working hours

During our review of payroll process, we noted that there is no formal record of hours employees worked each fortnight. From discussion with management, we understand that staff work schedules were discussed at a weekly meeting, however, those meetings were not minuted.

Recommendation

A formal time-recoding process is strongly recommended as it places good controls over the accuracy of employee's pay and leave entitlements. It also prevents any potential misunderstanding and protects both the employer and the employee.

Management comments

A formal process is yet to be implemented

Our uncorrected and corrected audit differences are included in Section 3 of this report for the consideration of the Executive Council Members.

1.7 Confidentiality

This report is strictly confidential and although it has been made available to management to facilitate discussions, it may not be taken as altering our responsibility to report to the Executive Council Members of the Association directly.

The contents of this report should not be disclosed to third parties without our prior written consent.

2. Other matters to be communicated

In compliance with International Auditing Standards, we have an obligation to communicate certain aspects of our audit to you. The critical areas have been detailed in the previous sections, and the other matters that require communication are summarised as:

Matter to be communicated	Crowe comments
Significant accounting policies adopted or changed	No changes or new accounting policies were adopted during the year.
Management judgements and estimates	Other than what has been disclosed in Section 1.5 no material accounting judgements identified.
Disagreement with management over the application of accounting principles, scope of the audit and disclosures	There have been no disagreements with management during the audit.
Any instances of fraud or non-compliance with legislative, regulatory or contractual requirements	No instances of fraud or non-compliance were detected during the audit.
Material uncertainty related to going concern	No matters of material uncertainty were noted.

3. Summary of adjusted and unadjusted audit differences

3.1 Adjusted audit differences

In performing our audit for the year ended 30 June 2021, we have not identified any adjustments or errors that could, in our judgement, either individually or in aggregate have a significant effect on the financial statements.

3.2 Unadjusted audit differences

In performing our audit for the year ended 30 June 2021, we have not identified any uncorrected adjustments or errors that could, in our judgement, either individually or in aggregate have a significant effect on the financial statements.