



THE COUNCIL FOR
INTERNATIONAL
DEVELOPMENT

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED

30 JUNE 2021

3 September 2021

Ian McInnes
Chairperson
The Council for International Development Incorporated of New Zealand
PO Box 24228
Manners Street
Wellington 6142

Dear Ian,

We have pleasure in presenting our Audit Completion Report for our audit of the financial statements for The Council of International Development for the year ended 30 June 2021.

The report is intended solely for the use of the Board of the Council for International Development and presents a summary of the more significant matters arising from our audit procedures in forming an audit opinion over the financial statements. It also includes reporting by us on matters we are required to under International Standards on Auditing (NZ).

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely on for audit purposes. Our examination may not have identified, and should not be relied upon to identify, all control weaknesses that may exist.

We take this opportunity to express our appreciation for the assistance and co-operation provided by Glen, Josie and Luke during the audit.

Yours faithfully,
BDO WELLINGTON AUDIT LIMITED



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Partner
Audit & Assurance Services

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1. EXECUTIVE SUMMARY

STATUS OF THE AUDIT AND THE AUDIT OPINION

Our audit of The Council of International Development's ("CID") financial statements for the year ended 30 June 2021 is complete.

We have issued an unqualified audit opinion. We welcome your feedback on the effectiveness of the audit process and are available to discuss our performance.

AREAS OF SIGNIFICANT RISK AND AUDIT EMPHASIS

Our audit approach considered the inherent risks in your business, their potential impact on the financial statements and the associated risk mitigations and controls in place. The significant matters arising from our audit work are:

- Revenue recognition
- Management Override of Controls

We were able to obtain sufficient and appropriate audit evidence in respect to these items and have no significant findings to bring to your attention. Refer to Section 2 for our comments in respect to each significant risk and area of audit emphasis.

SUMMARY OF UNCORRECTED MISSTATEMENTS

There were no errors left uncorrected at the conclusion of our audit.

INTERNAL CONTROLS

Our audit approach requires us to obtain an understanding of an entity's internal controls in order to identify and assess the risk of material misstatement of the financial statements whether due to fraud or error but is not designed to provide assurance over the overall effectiveness of controls operating within the Society.

We have included in Appendix 2 of this report, a summary of our findings and recommendations arising as a result of our audit procedures.

We have received full and frank cooperation from management and staff in respect to our audit. There is nothing we wish to raise solely with the Board.

2. KEY FINANCIAL STATEMENT AUDIT RISKS AND AREAS OF AUDIT EMPHASIS

Our audit procedures were focused on those areas of the Society's activities that are considered to represent the key audit risks identified during the risk assessment process undertaken and communicated with you through the audit arrangements letter at the planning phase of the audit. Below we present a summary of the identified key areas of risk and audit emphasis and our conclusions in relation to each matter. We are satisfied that these areas have been satisfactorily addressed through our audit processes.

Revenue Recognition

Area of Audit Emphasis	Conclusion/Response
There is a rebuttable presumption under the International Auditing Standards (NZ) that there is a risk of fraud in relation to revenue recognition.	As part of our testing, we considered the cut-off of all revenue stream to ensure all revenue is recorded in the correct period. We also reviewed segregation of duties, controls, and processes in place around this.

Management Override of Controls

Area of Audit Emphasis	Conclusion/Response
There is a rebuttable presumption under the International Auditing Standards (NZ) of a risk of management override of controls.	We considered whether there are motivations (based on incentives) and opportunities for Management to override or circumvent the systems of internal controls for their advantage that could result in material misstatement of the financial results and position recorded in the financial statements.

3. REQUIRED COMMUNICATIONS WITH GOVERNANCE

Matter	How the matter was addressed
Auditors responsibility under generally accepted auditing standards	We are responsible for completing an audit in accordance with generally accepted auditing standards in New Zealand. The detailed terms of which are set out in our audit engagement letter.
Confirmation of Audit Independence	<p>In conducting our audit, we are required to comply with the independence requirements of PES-1 Code of Ethics for Assurance Practitioners issued by the External Reporting Board.</p> <p>Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.</p> <p>For the comfort of the Board we note that the following processes assist in maintaining our independence:</p> <p>No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement partner.</p> <p>All services performed by any national BDO office will be reported to the governing body.</p> <p>Audit fees billed for the 2020/2021 audit was \$5,750.</p> <p>There were no other services provided by our firm for the 2020/2021 financial year.</p>
Management Judgements and Estimates	Under International Standards on Auditing (NZ), we have a responsibility to ensure that you have been informed about the process used by the Society in formulating particularly sensitive accounting estimates, assumptions or valuation judgements. Overall we note that the judgements and estimates by management in preparing the results for the year ended 30 June 2021 appear reasonable. Key matters impacting on our audit have been raised in sections 2 and 3 of this report if applicable.

Matter	How the matter was addressed
Matters requiring Board input	<p>We have placed reliance on the Board’s review and approval of the following matters:</p> <ul style="list-style-type: none"> • Minutes of the Board of Directors meetings; • Implementation of such controls as is needed to ensure that financial statements are presented fairly; • Review and approval of management accounts; • Review and approval of annual budget; • Notification of fraud; and • Review and approval of the financial statements.
Accounting policies	<p>There were no changes in accounting policies or interpretations of accounting policies that impacted on your financial statements in the current year.</p> <p>Auditing standards require us to discuss with you the qualitative aspects of the Society’s accounting practices and financial reporting. There were no new accounting standards that had a significant effect on the Society’s financial statements for the year ending 30 June 2021</p>
Materiality and unadjusted differences	<p>Materiality means, in the context of an audit or review, if financial information is omitted, misstated or not disclosed it has the potential to affect the decisions of users of the financial statements. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the financial report. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.</p> <p>All unadjusted differences (none of which we consider material, either individually or in aggregate) have been detailed in Appendix 1 of this report.</p> <p>It should be noted that the auditing standards do not require us to communicate misstatements that are considered “clearly trivial” and as such, if we identify such misstatements we will not communicate these to you. We consider “clearly trivial” to be 5% or less of our planned materiality.</p>

Matter	How the matter was addressed
Going concern	<p>We have undertaken a review of management and those charged with governance' assessment of the ability of the Society to continue as a going concern for 12 months from the date of signing the audit report and therefore whether the going concern basis for the preparation of the financial statements is appropriate.</p> <p>We identified no issues or concerns that lead us to conclude the going concern assumption cannot be relied upon.</p>
Fraud	<p>During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you.</p>
Compliance with laws and regulations	<p>We have made enquiries in relation to compliance with laws and regulations during the course of our audit. We have not become aware of any instances of non-compliance with laws and regulations which has materially impacted the financial position or performance of the Society.</p>
Significant findings from the audit	<p>Other than those documented in the executive summary and sections 2 and 3 of this report, there were no significant matters arising from the audit.</p>
Disagreements with management	<p>There have been no disagreements with management over matters of significance to the audit.</p>
Difficulties encountered during the audit	<p>There have been no significant difficulties encountered during the audit.</p>
Consultations with other accountants and consultants	<p>We have considered the need for other accounting specialists during our work and determined, due to the nature of the engagement and experience and knowledge of the engagement team, that no specialists were necessary for the current period.</p>

Matter	How the matter was addressed
Management representation letter	<p>We have requested specific representation from management regarding the following areas:</p> <ul style="list-style-type: none">- MFAT Funds: In regard to MFAT funding received for the 2020/21, we have met all our responsibilities and conditions in relation to this funding and all the monies have been spent on the purpose for which they have been given. No monies are required to be refunded.

4. APPENDIX 1 - FINDINGS AND RECOMMENDATIONS ARISING FROM THE AUDIT

Expense Invoices

Finding

During our testing in prior year, we noted there were two expenses that were unable to be vouched to invoices as the invoices were not kept.

Recommendation

We recommended that invoices, or other forms of supporting evidence of purchase are kept and accessible, ideally being scanned into xero. During our testing over expenses this year we were able to agree our random sample of expenses to supporting evidence. We commend management for the improvement and clear this point.

Statement of Service Performance (SSP)

Finding

As discussed last year, your SSP is quite a long, detailed and wordy document.

Recommendation

We noted during our testing of the SSP that the document was much shorter this year. We commend management for their effort and clear this point.