



Management Report for 30 June 2016 Financial Statements

Development Coordination Division

To:

Lavinia Tama, Manager

Distribution List:

Hon Mark Brown, Minister for Ministry of Finance and Economic Management
Garth Henderson, Financial Secretary
Russell Thomas, PSC Commissioner
Geoff Stoddart, Chairperson of PERC
Heinz Matysik, PERC Member
Joe Caffrey, PERC Member

Date of Report: 21 December 2016



TABLE OF CONTENTS

1	INTRODUCTION.....	3
2	AUDIT FINDINGS	4
3	CONCLUSION.....	5
4	APPENDIX 1: STATUS OF RECOMMENDATIONS MADE IN PREVIOUS MANAGEMENT REPORTS.	6
5	DEFINITIONS – AUDIT OPINION AND RISK RATING	7



1 Introduction

We have completed the audit for the year ended 30 June 2016. This report sets out the findings from the audit and draws attention to areas where the Development Coordination Division (Division) is doing well or where we have made recommendations for improvement. This report provides a summary of:

- our audit opinion, and
- the significant issues arising from the audit.

You will appreciate that while our audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAI), it cannot, and should not, be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency.

The Division's management is responsible for implementing an internal control structure to maintain the reliability of the financial statements, safeguard assets and to mitigate risks in the entity. Because of the test nature and other limitations of an audit, it cannot provide an absolute assurance that there are no misstatements whether arising from fraud or error.

We must emphasize that:

- we did not examine internal controls other than to the extent necessary to determine the nature, extent and timing of our audit procedures;
- this report does not include all matters that came to our attention, but only those we regard as sufficiently important that they require management's attention;
- except as specifically stated, this report covers only the period of the financial statements and will not be updated to take into account any subsequent information or circumstances unless we are requested to do so.

AUDIT OPINION

We have issued an unmodified auditor's opinion on the Development Coordination Division's financial statements for the 30 June 2016 financial year.

2 Audit Findings

The Division's financial statement audit for the 2016 financial year did not reveal any significant issues that we think management should be aware of. This was consistent with prior year's management report where no issues were identified.

We would like to acknowledge and commend the management team for the great effort in maintaining the good performance from prior year. This is an excellent achievement, reflective of the strong internal controls present within the Division.

3 Conclusion

We would like to take this opportunity to thank the Division's management and finance team for the kind assistance received during the course of the audit and we look forward to your continued assistance for the next financial year.

To conclude the Audit Office is always looking for ways of improving our service and would appreciate any feedback, you and your staff may wish to make. Please ensure that you complete the client survey questionnaire upon the completion of this audit. This can be accessed by clicking on to the following link; <https://www.surveymonkey.com/s/JQ36TL2>.

Yours sincerely



Allen Parker
Director of Audit



4 Appendix 1: Status of Recommendations made in previous Management Reports.**Table A: Outstanding Matters**

Matter	Recommendation	Outcome and status
There were no management issue raised in the previous Management Report		

Table B: Cleared Matters

Matter	Recommendation	Outcome and status
There were no management issue raised in the previous Management Report		

5 Definitions – Audit Opinion and Risk Rating

The definitions used to rate the risks of audit issues has been adopted from the Cook Islands Audit Office's risk criteria.

Risk Rating	Definition
High	Potential for unfavourable or noticeable negative impact on the organisation's objectives, income, expenditure, human resources and/or reputation. Management attention is required to ensure that the risk is managed in line with the organisation's objectives.
Medium	Potential for unfavourable or negative impact on the organisation's objectives, income, expenditure, human resources and/or reputation. Management needs to establish controls to address risk identified.
Low	Potential minor impact on the organisation's objectives, income, expenditure, human resources and/or reputation. Management needs to identify if there is a cost benefit in establishing increased controls.

Audit Opinion	Definition
Unmodified	An unmodified opinion is expressed when the auditor is satisfied in all material respects with the matters on which an overall conclusion is required to be drawn.
Modified	<p>A modified opinion is expressed when either of the following circumstances exists:</p> <p>(a) there is a limitation on the scope of the auditor's examination; or</p> <p>(b) the auditor disagrees with the treatment or disclosure of a matter in the written assertion or set of assertions; and, in the auditor's judgement, the effect of the matter is or may be material.</p> <p>In order of severity (most to least), qualified audit opinions may take the following form:</p> <ul style="list-style-type: none"> • Disclaimer – expressed when there is a limitation on the auditor's work as a result of the lack of audit evidence • Adverse – expressed when the results of a disagreement with management or a conflict between applicable financial reporting frameworks is significant and pervasive • Qualified – expressed when an unmodified opinion is inappropriate because of a disagreement with management or a conflict between applicable financial reporting frameworks is not so significant and pervasive