

# Independent Limited Assurance Statement to the Management and Directors of Te Pūkenga – New Zealand Institute of Skills and Technology

## Our Conclusion

Ernst & Young ('EY', 'we') was engaged by Te Pūkenga – New Zealand Institute of Skills and Technology ("Te Pūkenga") to undertake limited assurance as defined by the International Standards on Assurance Engagements (New Zealand), over the Te Pūkenga Social Finance Framework. Based on our procedures, nothing came to our attention that caused us to believe that the subject matter in the table below has not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

## What our review covered

The subject matter and criteria covered by our assurance procedures are detailed in the table below.

Subject matter	Criteria
Policies and procedures relating to the allocation and management of social loans, including the Te Pūkenga Social Finance Framework that sets out: <ul style="list-style-type: none"> <li>▶ Use of proceeds</li> <li>▶ Activity selection and management of proceeds</li> <li>▶ Processes used to manage and report on social finance activity.</li> </ul>	Social Bond Principles 2020 <a href="https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/">https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/</a>  Social Loan Principles 2021. <a href="https://www.lsta.org/content/social-loan-principles-slp/">https://www.lsta.org/content/social-loan-principles-slp/</a>
Te Pūkenga activities identified as eligible for a social loan	Te Pūkenga's Social Finance Framework

## Key responsibilities

### EY's responsibility and independence

Our responsibility was to express a conclusion on Te Pūkenga's Social Finance Framework.

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with the Professional and Ethical Standard 3 (Amended), Ernst & Young Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Te Pūkenga's responsibility

Te Pūkenga's management ("management") was responsible for selecting the Criteria and preparing and fairly presenting the Social Finance Framework in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

## Our approach to conducting the engagement

We conducted this engagement in accordance with the International Standard on Assurance Engagements ISAE (NZ) 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the terms of reference for this engagement as agreed with Te Pūkenga on 11 February 2021.

## Summary of procedures performed

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the sustainability performance data and related information and applying analytical and other review procedures.

Our procedures included, but were not limited to:

- ▶ Conducting interviews with personnel to understand the business, its activities and societal outcomes
- ▶ Conducting interviews with personnel to understand the relevant policies and procedures
- ▶ Reviewing whether Te Pūkenga activities met the requirements of the Social Bond Principles eligibility criteria (see Annex)
- ▶ Confirming the eligibility of activities for inclusion in a social loan against Te Pūkenga's Social Finance Framework
- ▶ Requesting documentation supporting assertions made in the Subject Matter
- ▶ Seeking management representation on key assertions

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

### Use of our Assurance Report

This report has been prepared for use by management for the purpose of presenting its Social Finance Framework to potential lenders or investors. We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Te Pūkenga or for any purpose other than that for which it was prepared.

Ernst & Young Limited



Graeme Bennett  
Partner - Assurance  
Auckland  
11 June 2021



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**Annex A**

Assessment of Te Pūkenga's activities against eligible social project categories.<sup>1</sup>

Social Project Category	EY finding	Reason	Supporting Documentation
Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)	Aligns	Te Pūkenga's core activities include coordinating the delivery of education and training services around New Zealand through its network of 16 technical institutions. Te Pūkenga's mandate is improving access to educational services and vocational training.	2020 Minister of Education, Minister's Letter of Expectations highlighted the objective of 'barrier-free access'
Employment generation	Aligns	A core function of Te Pūkenga is to provide training and education that leads to employment for learners.  Enabling programmes of workplace-based training that would prevent or alleviate unemployment is also a focus.  We suggest that further evidence could include greater social connection or access to work, education or public services.	<i>2020 Education and Training Act s315 'Functions of Te Pūkenga:</i>  <i>(c) to be responsive to and meet the needs of the regions of New Zealand and their learners, industries, employers and communities...')</i>
Socioeconomic advancement and empowerment	Aligns		
Affordable basic infrastructure	Does not align	No direct connection between Te Pūkenga's activities or spend and these types of projects.	
Affordable housing	Does not align		
Food security	Does not align		

<sup>1</sup> Social Bond Principles 2020: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>; Social Loan Principles 2021: <https://www.lsta.org/content/social-loan-principles-slp/>

Assessment of Te Pūkenga's core educational activities for alignment with example target populations.<sup>2</sup>

Target population criteria (Social Bond Principles)	EY finding	Reason	Supporting documentation
Underserved, owing to a lack of quality access to essential goods and services	Aligns	Te Pūkenga's core function includes improving educational access and employment outcomes for traditionally under-served communities. Māori, Pasifika and disabled persons are specifically highlighted.	2020 Education and Training Act s315 'Functions of Te Pūkenga -  <i>(c) to be responsive to and meet the needs of the regions of New Zealand and their learners, industries, employers and communities...</i>  <i>(e) to improve the outcomes in the tertiary education system as a whole ...</i>  <i>(f) to improve outcomes for Maori learners and Maori communities ...</i>  2020 Minister of Education, Minister's Letter of Expectations for Te Pūkenga - <i>'deliver for the unique needs of all learners, including those who have been traditionally under-served, such as Māori, Pasifika and disabled learners'</i>
Undereducated	Aligns		
Unemployed	Aligns		
Excluded and/or marginalised populations and / or communities	Aligns		
People with disabilities	Aligns		
Aging populations and vulnerable youth	Aligns	The Te Pūkenga Social Finance Framework document specifies improving outcomes for youth as part of its role, referencing alignment with the UN Sustainable Development Goals.	Te Pūkenga Social Finance Framework: <i>SDG 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</i> <i>SDG 8.6: Substantially reduce the proportion of youth not in employment, education or training.</i>
Living under the poverty line	Inconclusive	May align but no evidence of Te Pūkenga enabling or delivering outcomes specifically for these populations was noted during this engagement.	
Women and/or sexual and gender minorities			
Migrants or displaced persons			

<sup>2</sup> Social Bond Principles 2020: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>; Social Loan Principles 2021: <https://www.ista.org/content/social-loan-principles-slp/>  
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Assessment of Te Pūkenga's Social Finance Framework against the seven principles of social value.<sup>3</sup>

Note: this assessment is not required as part of the social bond principles or sustainable finance guidelines. The social value principles help to improve the integrity and robustness of EY's assurance over sustainable finance.

Principle	Principle definition	Assessment finding	Commentary
Involve stakeholders	Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders	Te Pūkenga relies on the activities of and its engagement with its network of 16 subsidiary institutions for the delivery of its core social purpose and education outcomes.	Where measurement of societal outcomes or the direct impacts felt by ākonga/ students is important for Te Pūkenga and its reporting, we would recommend the development of a consistent process of engagement and outcomes measurement with learners across the network of institutions.
Understand what changes	Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.	A programme of work is in place to develop a national / Te Pūkenga level understanding and reporting process of the impact being generated across its network of institutions.	
Value the outcomes that matter	Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences.	Te Pūkenga has specified in its Social Finance Framework those project categories and target populations that are most material to its purpose and activities.	
Only include what is material	Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.		
Do not over-claim	Only claim the value that activities are responsible for creating.	The example indicators listed in Appendix 2 of the Social Finance Framework on access to educational services, economic empowerment and employment generation are directly related to the core educational services it provides.	We noted the potential for a Te Pūkenga subsidiary to deliver impact using funds from other sources than social loans or bonds (such as deposits). In such cases, care should be taken to not claim those impacts as part of social finance reporting.
Be transparent	Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders	The programme of work to develop a national / Te Pūkenga level set of social impact metrics is being developed with Te Pūkenga subsidiaries and other key stakeholders.	Verification gives external stakeholders (investors, customers, the community, etc.) additional confidence in the social or environmental performance results being reported.
Verify the result	Ensure appropriate independent assurance.	Te Pūkenga Social Finance Framework section on External Review	

<sup>3</sup> Social Value International, 2018. 'The Seven Principles of Social Value:' [https://socialvalueint.org/wp-content/uploads/2018/05/Principles-of-Social-Value\\_Pages.pdf](https://socialvalueint.org/wp-content/uploads/2018/05/Principles-of-Social-Value_Pages.pdf)