

23<sup>rd</sup> August 2017

The Committee  
Gunnedah Conservatorium Inc  
P O Box 121  
Gunnedah NSW 2380

Dear Committee Members,

### **MANAGEMENT LETTER**

We have completed our audit procedures relating to the financial statements for the year ended 30 June 2017.

The purpose of the audit is to form an opinion on the financial statements of Gunnedah Conservatorium Inc. The audit procedures have been primarily designed to achieve audit objectives related to this purpose. In order to meet these objectives in a cost-effective and efficient manner our approach has concentrated on areas of materiality and high risk. Consequently, this management letter only includes matters which have come to our attention as a result of these audit procedures and, therefore, does not necessarily confirm the effectiveness of all the internal controls operated by the organisation for achieving all management objectives.

In seeking to achieve an efficient audit we have also taken into account the internal control structure in relation to the following information flows:

- Payments/Accounts Payable system
- Receipts/Accounts Receivable system
- Payroll system

### **Qualitative Aspects of Accounting Policies**

As required by the Auditing Standards, we wish to inform the Committee and members of our opinion over the following areas:

#### Accounting Policies

Gunnedah Conservatorium prepares special purpose financial statements, which only comply with some of the accounting standards as outlined in Note 1 of the Financial Statements. From our understanding of Gunnedah Conservatorium and the needs of the users of the Financial Statements, we believe the accounting policies of the organisation are appropriate as the users of the Financial Statements can demand additional information if required.

#### Accounting Estimates

Based on our understanding of the Gunnedah Conservatorium and its operations, the only accounting estimates to affect the Financial Statements are the selection of useful lives of fixed assets for the purposes of depreciation. Our testing has not revealed any unusual issues for these estimates.

### **Areas for Management Attention**

From the conduct of the audit, we have been able to note specific areas that we would like to bring to the attention of management.

### GST Adjustment

#### *Observation*

GST totalling \$422 was owed to the Gunnedah Conservatorium at 30 June 2016. The amount was processed but was reversed off the amount owing to the Gunnedah Conservatorium rather than adding.

#### *Implication*

GST totalling \$844 is owed to the Gunnedah Conservatorium at 30 June 2017.

#### *Recommendation*

The amount of GST owed to the organisation is to be claimed on the next BAS. Please do not hesitate to contact me for assistance on this matter

### Asset Register

#### *Observation*

The updating of the Fixed Asset Register has commenced

#### *Implications*

The ability of the organisation to monitor assets may be compromised unless this register is maintained

#### *Recommendation*

Continue to work on the Asset Register to include all assets purchased and owned by the organisation.

### Accounts Receivable

#### *Observation*

The amount of \$75,625, recorded as a donation in the 2014 financial year remains on the Accounts Receivable listing as at 30<sup>th</sup> June 2017, however these funds were received on the 4<sup>th</sup> July 2017. Some expenses relating to this project were incurred in the year ended 30<sup>th</sup> June 2017.

#### *Implications*

The cash accounts were depleted as at 30<sup>th</sup> June 2017 and the Income and Expenses Statement shows a deficit which is partly contributed to by the expenses incurred on the Town Hall acoustics.

#### *Recommendation*

Management remains mindful of these areas when contemplating the reports for the year ended 30<sup>th</sup> June 2017.

### Funds To be Allocated for Specific Projects/Events

#### *Observation*

There is no formalised process to approve budgets for events and to allow monitoring and reporting of budget versus actual.

#### *Implications*

Cost controls could be compromised

#### *Recommendation*

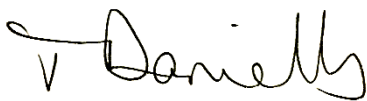
Management develop and implement a process to allow event approval which includes consideration to a complete budget for each event.

Please do not hesitate to contact me on 0429 04 99 11 if you would like to discuss any of the matters raised in this letter.

Thank you to staff and committee members for your co-operation in promptly dealing with queries during this audit.

Yours sincerely

Everythink Accounting & Business Services



Treena Daniells MPA CPA