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16 September 2026

The Committee
Gunnedah Conservatorium Inc
152 Conadilly Street
Gunnedah NSW 2380

Dear Committee Members

GUNNEDAH CONSERVATORIUM INC
GOVERNANCE LETTER – YEAR ENDED 30 JUNE 2026

We have completed our audit procedures relating to the financial statements for the year ended 30 June 2026.

The purpose of the audit is to form an opinion on the financial statements of Gunnedah Conservatorium Inc ("the Association"). 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 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, to the relevant extent, the internal control structure, consisting of:

(a) the control environment, incorporating management's policies, procedures and related action;

(b) the information system, incorporating the financial, reporting process used to prepare the Association's financial statements; and

(c) Internal controls, being those policies and procedures which management has established to provide reasonable assurance that specified objectives will be achieved.

Qualitative Aspects of Accounting Policies

As required by Audit Standards, we wish to inform you of our opinion over the following areas:

Accounting Policies
From our understanding of the entity and the needs of the users of the financial statements, we believe the accounting policies of the Association are appropriate.

Accounting Estimates
Based on our understanding of the Association 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 and considering the risk of impairment. 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 provide an opportunity for management to improve the reliability of information, increase controls and to reduce risks. These are referred for attention and appropriate action.

Adjustments made to transactions records after audit completion – re-raise

Observation
We note that adjustments were made in the financial system to transactions relating to the previous financial year after completion of prior year audit. These changes resulted in variances between audited closing balances and the opening balances of certain equity accounts in the current financial year.

Implication
Unauthorised or uncontrolled amendments to prior year financial data may compromise the integrity and reliability of financial records. This can lead to discrepancies between audited financial statements and system-based generated balances, reduced audit trail transparency, and increase the risk of errors in financial reporting.

Recommendation
Management should implement controls to prevent or restrict changes to prior year accounting records after audit completion. Where amendments are made, they should be communicated to the auditor

Equity account balances

Observation
We noted several miscellaneous equity accounts with accumulated balances, including Opening Balance Equity, Prior Year Adjustments, Current Earnings and Historical Balancing Accounts. These equity accounts appear to be no longer serve any potential purpose and should be investigated to determine if they remain relevant or should be consolidated into retained earnings.

Implication
Retaining redundant equity accounts may reduce the clarity and accuracy of the equity section of the financial statements, increase the risk of misclassification and make financial reporting more difficult to interpret.

Recommendation

Management should review the nature and relevance of the balances held in these equity accounts and determine whether they remain necessary. Where appropriate, balances should be consolidated into retained earnings.

Other Payables

Observation

We noted no detailed records are maintained to support the balance recorded in Other Payables. As a result, management is unable to readily identify who is owed, the amounts owing, or the nature of the liabilities included in the account at any point in time.

Implication

The lack of detailed tracking of amounts owed and payments made increases the risk of errors, misstatements, and fraudulent transactions going undetected.

Recommendation

Management should utilise the creditors subsidiary ledger to record and monitor all outstanding payables. The subsidiary ledger should be reconciled regularly to the general ledger. In addition, the use of the Other Payables accounts should be limited wherever possible.

Audit differences

Unadjusted and adjusted audit differences detected by the audit are contained in the attached appendices.

If you would like to discuss any of the matters raised in this letter please do not hesitate to contact me on (02) 6773 8400. We would like to take this opportunity to thank staff for their co-operation in dealing with our enquiries during the course of the audit.

Yours faithfully

Jacob Sauer
Principal

APPENDIX 1

Aggregation of financial statement unadjusted audit differences identified during the 2026 audit:

	Impact on financial statements DR/ (CR)			
Description	**Total assets $**	**Total liabilities $**	**Equity**	**Net profit $**
Adjustment for annual leave provision to include leave loading	-	(2,133)	-	2,133
Likely aggregate misstatement	**-**	**(2,133)**	**-**	**2,133**

APPENDIX 2

Aggregation of financial statement adjusted audit differences affecting the 30 June 2026 year-end financial results:

	Impact on financial statements DR/ (CR)			
Description	**Total assets $**	**Total liabilities $**	**Equity**	**Net profit $**
To correct opening retained earnings for adjustments made to 2025 accounts after audit completion	-	-	(817)	817
Recognition of right of use assets and corresponding lease liabilities for lease of the office premises	64,734	(62,206)	-	(2,528)
Total adjustments	**64,734**	**(62,206)**	**(817)**	**(1,711)**