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4 June 2020

Mr Andrew Hunt
Chairperson
Riding Pony Stud Book Society Ltd SA Branch
PO Box 34
Willaston, SA 5118

Dear Mr Hunt,

AUDIT MANAGEMENT LETTER

We recently completed our audit processes for Riding Pony Stud Book Society Ltd SA.

While we assume no responsibility to design audit procedures to identify matters to report to you, we communicate any matters encountered during the course of our audit which we believe should be brought to your attention.

This does not mean that there are no other matters of which you should be aware in meeting your responsibilities, nor does this report absolve you from taking appropriate action to meet these responsibilities.

Our audit findings and recommendations are found on the following pages.

If you have any queries in relation to these matters, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Luke Williams'.

Luke Williams CA, CPA, Registered Company Auditor
Partner

Riding Pony Stud Book Society Ltd. SA – AUDIT – 2020

AUDIT AREA	NATURE OF AUDIT FINDINGS	RISK	RECOMMENDED ACTION
Bank Reconciliations	Having an independently reviewed bank reconciliation gives a high degree of confidence that the accounting system is recording all revenue and expenses and provides the association with opportunities for errors and fraudulent transactions to be identified. As such, it is arguably the most important control to give an organisation confidence in its financial records. We note that currently bank reconciliations are not performed monthly with only one end of year reconciliation on file.	Opportunities for error and fraudulent transactions may arise without a monthly bank reconciliation.	Monthly bank reconciliations are performed and independently reviewed.
Cash Payments	Through our audit process we tested seven payments. Of this sample, three were cash payments which had no supporting documentation (invoices). Cash receipts and payments are very difficult to control. In addition, audit could not trace these payments to the bank statement as they were paid in cash on the day.	Cash payments are possibly fictitious and not in the best interests of the Committee branch.	Ensure Committee is aware that cash payments need to be avoided where possible.
Recess	The Committee went into administration (recess) and the funds were transferred to the Federal branch.	N/A	Transfer the funds back to the new SA committee when they are able to transact on the SA bank account.

AUDIT AREA	NATURE OF AUDIT FINDINGS	RISK	RECOMMENDED ACTION
Taxation	We note that the GST receivable balance of \$180 in the financial statements and trial balance does not agree to the amount owing to the ATO as at the end of March 2020. The amount owing to the ATO as at the end of March 2020 is approximately \$147.	Revenue or expenses are overstated.	Code the GST payments and receipts to the balance sheet. Ensure the GST receivable / payable on the balance sheet agrees to what is owing to or receivable from the ATO. As all committees are grouped for GST reporting purposes, a whole of organisation strategy should be developed for preparing and lodging the BAS.