



APL Financial are here to provide support, expertise and inspiration to help you do your best work.

We compliment the committee and management by helping you put in place best practices and use reporting to demonstrate the value your organisation provides to your community.

**SOUND PROFESSIONAL
ADVICE FROM QUALIFIED
ACCOUNTING AND
BUSINESS MANAGEMENT
SPECIALISTS**



1. Fixed Assets and Depreciation

No fixed asset register exists and a review of your facilities shows significant and numerous computers, screens and a photocopier. In the event of an insurance claim it may be difficult to make a claim due to the inability to prove ownership and the value of your loss. Also with the increasing purchase of portable items such as laptop computer and iPad theft may occur. Without a current and up to date fixed asset register it is difficult to track the whereabouts of portable items. As a matter of urgency a fixed asset register needs to be established. There is cloud based software available which holds serial numbers and will calculate ongoing monthly depreciation journals. There is no upfront cost to purchase the software and the ongoing fee per month is \$10.00 + GST. If you require more assistance please contact our office.

2. Document Management

Due to the volume of documents saved on PC's it can be difficult to locate, organize, copy, rename, pdf, email, preview and scan a document. We recommend and use File Centre document software which ensure all staff file and save documents with similar, names, protocols and procedures. Please contact our office if you require more information.

3. Insurance Review

As part of the audit we have checked that insurance policies are in place, however we recommend all insurance policies are reviewed by a broker to ensure cover is adequate and for example equipment items with a value above a certain amount may be required to be listed individually on the policy.

4. MYOB Desktop Version - Support and upgrades will cease September 2019

Prior to September 2019 a decision will need to be made about whether to shift to MYOB cloud version or to a similar cloud accounting package. We support a number of packages and believe a review of your requirements to determine the most appropriate package is required.

"FAILING TO PREPARE
IS PREPARING TO FAIL"





5. GST and BAS

To ensure GST is correctly calculated and paid we recommend reconciling GST paid/refunded back to the profit and loss statement and balance sheet for each quarter. For example, this will ensure a one-off transaction such as the GST claim on the purchase of a larger item of equipment is not missed. Please contact our office if you require assistance with this matter.

6. Payroll Records

Review of a selection on payroll records indicated that payroll processing is well run and organised. It is recommended that all employment agreements be reviewed and where the agreement is more than 5 years old, it be reviewed and resigned by all parties.

7. Social Responsibility Accounting

Social responsibility accounting refers to preparing a separate set of reports which takes the standard financial statements and adjusts those reports for social benefits, social costs and social responsibility. In our view the current standard financial statements can be incomplete and therefore misleading. The standard financial statements for example do not include activities which are provided free of charge and include the sale of all goods and services provided at the price paid by the purchaser. The price paid by the purchaser may not reflect the true value of those goods and services. In very general terms, the standard financial statements considers only the quantity of the transactions for a period and ignores the quality or lack of quality of those transactions.

Social responsibility accounting is concerned with the activities undertaken during the period and the value those activities provide to your community.

For example, the annual financial statements for the year shows a surplus of \$85,085. In our view the financial statements do not show the contribution your organization has made to its community.

It is our view that unless an equity social dollar value is assigned to the activities your organization undertakes, then the contribution your organization makes to society is not appreciated or understood by government, society and other funding organizations.

Please contact us if the you require more information on this topic.



8. Changes to Accounting Standards

New accounting standards and changes to some existing accounting standards are due to be implemented which will change the annual financial reporting requirements.

ii. From 1 January 2019 where a new property lease is signed the future leasing payments will be required to be brought onto the balance sheet as a liability with a corresponding intangible asset. Where a peppercorn rent is paid the difference between the peppercorn rent and the market rent over the period of the lease will be required to be included in the profit and loss statement as revenue.

iii. From 1 January 2019 not for profit entities may be required to report the value of volunteer services. The value of volunteer services will appear in the profit and loss statement as an income line together with an expense line of the same amount.

iiii. Currently all small to medium size entities can choose between preparing general purpose financial statements or special purpose financial statements. Currently special purpose financial statements are being prepared. For an organization of your size and complexity special purpose financial statements are appropriate as they are more concise, easier to follow and read. Special purpose statements do not include pages and pages of notes to the accounts which are not relevant and where an accounting standard if complied with may be misleading to the reader there is the flexibility to modify the application of that accounting standard. The current intention is for special purpose financial statements to be phased out by 2021 however, the general thinking is that this proposed change will not occur due to the extra cost it will place on the preparation of financial statements

9. Periodic Reporting - financial and non-financial information

Software packages are now available which allows for periodic report templates to be set up and current financial and non-financial information to be imported. Where required the financial and non-financial information can be mixed together to streamline the preparation of monthly committee papers. Please contact us if you require more information on this topic.



10. Investments

As at 30 June 2018 the entity has term deposits and Cash at bank of approximately \$850,000. If these funds have not been earmarked for a particular purpose, then the Committee should consider some medium to long term investments rather than fixed interest income.

11. Banking

Our review of banking controls showed that Online Banking procedures and systems are adequate. Stewardship of the funds of the organisation is of the highest importance in protecting members, staff and board members interests. This has heightened implications in light of the large sums of cash in bank accounts and term deposits. Currently, all transactions must be approved by 2 parties for release, each with their own login, password and security token.

12. Police Checks and Credit Reference Checks

It is our understanding that police checks are carried out and we also recommend credit reference checks should be carried out periodically for staff that have access to funds of the organisation. We recommend that these are carried out for relevant staff members and updated each 3 years.

13. Review of Large Suppliers Contracts

Where suppliers provided goods and services greater than \$15,000 pa management should consider a review these contracts every 3 to 5 years and possibly putting them out for tender.

14. Checks and Balances: Recommending additional

checks and balances is in no way suggesting the auditors are concerned about the honesty or integrity of the current management team. Recommending additional checks which hopefully will be embedded in the culture of the organisation is one way of protecting future committees who may not have the managerial skills or the attention to detail which current management and the committee has.



15. Fraud

We are charged with identifying fraud risk. To facilitate this assessment, it is vital that the organisation updates and maintains a policy and procedure manual which includes:

- An organisational chart
- Job descriptions
- Operational procedures and document flows
- Process for performance reviews
- Key performance indications on a staff and organisation level
- Protocols for using company computer
- Protocols for privacy of information where relevant
- Other issues the board sees fit

Please ensure all staff members are familiar with this document and that it is updated as an ongoing project.

16. Computer Backup and Recovery

It is critical that a system is in place to ensure a daily backup of your computer system and a disaster recovery plan is documented and available to management and the board. It is our understanding that daily backups are occurring.

Contact Jon today

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