



# BELCONNEN BOWLING CLUB INCORPORATED

Auditor's Closing Report

Year ended 30 June 2023

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## 1. INTRODUCTION

Dear Committee Members,

We are pleased to present our closing report to the Committee Members of Belconnen Bowling Club Incorporated (“Belconnen Bowling Club”) in relation to our audit of the financial report for the year ended 30 June 2023.

Included in the attached report are matters arising from our audit of the financial report which we consider appropriate for the attention of the Committee Members. These matters have been discussed with management and their comments have been included, where appropriate.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during our audit. If there are any matters which you would like to discuss, please do not hesitate to contact me.



**Ged Stenhouse**  
**Director**

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## 2. EXECUTIVE SUMMARY

We intend to issue an unmodified auditor's report on the financial statements for the year ended 30 June 2023.

The audit procedures were designed to support our auditor's opinion and they cannot be expected to identify all weaknesses or inefficiencies in your systems and working practices.

Our responsibilities as auditors, is to form and express an opinion in accordance with Australia Auditing Standards on whether the financial report, being general purpose financial statements, that have been prepared by management with the oversight of the Committee Members are in all material respects, in accordance with Australian Accounting Standards – Simplified Disclosures and the *Associations Incorporated Act (ACT) 1991*. The audit of the financial report does not relieve management or Committee Members of their responsibilities.

We confirm that we are not aware of any matter that may cause our independence to be impaired in respect of this engagement.

### 3. AREAS OF SIGNIFICANT RISK

In performing our audit, we have identified the following areas which we consider in our professional judgement give rise to a significant risk in the audit of the financial report for the year ended 30 June 2023.

#### 3.1 Revenue recognition

Account description	Type	2023 \$	2022 \$
Revenue	Income	1,745,261	1,362,439

Risk identified	Audit Approach	Findings
Revenue is not recognised appropriately.	Revenue was tested substantively. Tests were performed to ensure appropriate cut-off, classification, accuracy and treatment of GST.	No significant matters were noted and we are satisfied that revenue is recognised in accordance with accounting standards for the year ended 30 June 2023.

#### 3.2 Management override of controls

Account description
Entity wide

Risk identified	How our audit addressed this matter	Findings
Management may request changes to journals and accounting estimates.	We have reviewed unusual and large journals as part of general journal testing.	No significant matters were noted.

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### 3. AREAS OF SIGNIFICANT RISK (CONTINUED)

#### 3.3 Cash and cash equivalents

Account description	Type	2023 \$	2022 \$
Cash and cash equivalents	Asset	399,942	325.893

Risk identified	Audit Approach	Findings
Due to the nature of operations there are significant cash balances. Cash is an asset with a high risk of misappropriation.	Audit agreed cash at bank to external bank confirmations.	No material differences were identified. However, audit noted ex-committee members were still listed as bank signatories.

## 4. IDENTIFIED MISSTATEMENTS

### Materiality

In assessing the risk profile of the Belconnen Bowling Club and in consideration of the users of the financial report, we have adopted materiality guidelines in accordance with Australian Auditing Standards.

### Clearly trivial items

We have not included misstatements identified that are considered by us to be clearly trivial, either taken individually or in aggregate.

### Unadjusted misstatements

We did not identify any misstatements during our audit which are unadjusted.

### Adjusted misstatements

The following adjustments were posted by management as a result of our audit.

Description	Account	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
To reclassify cash in transit from accrued income	Weekly banking deposit Undeposited income	15,049 (15,049)			
Journal raised to reconcile bank balances within Xero	Cash at bank Miscellaneous income	4,429			(4,429)
Total		-	-	-	(4,429)

### Disclosure deficiencies in the financial statements

We did not identify any disclosure deficiencies in the financial statements for the year ended 30 June 2023.

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## 5. INTERNAL CONTROL OBSERVATIONS

The design and implementation of internal controls related to the following areas were assessed during our audit for the year ended 30 June 2023:

- Revenue, Receivables and Receipts;
- Purchases, Payables, and Payments; and
- Payroll.

We remind you that the Committee Members are responsible for maintaining effective internal control. We have obtained an understanding of the design and implementation of the internal controls relevant to the accounting and financial control systems in order to plan our audit and determine the nature, timing and extent of audit procedures. Our audit of the financial report was not designed to assess, nor do we provide an opinion on, the design and implementation of the internal controls.

In accordance with Australian Auditing Standards, we are required to communicate with the Committee Members any significant deficiencies in the design and implementation of internal controls identified during our audit of the financial report.

### 5.1 Segregation of duties

Due to the small nature of the accounting department it is difficult to maintain adequate segregation of duties. As roles and functions within a small organisation can change rapidly it is important to regularly review the segregations in place to ensure that adequate segregation is maintained.



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## 6. AUDIT ISSUES AND FINDINGS

### 6.1 Risk Register

Observation	Implication	Recommendation
During the course of the audit, RSM identified there was no formal risk register in place.	There may be business and operational risks related to Belconnen Bowling Club that are not being properly addressed at board meetings.	We recommend a formal risk register is maintained and reviewed for updates at each board meeting.

### 6.2 Manual Journal Entries

Observation	Implication	Recommendation
During the course of the audit, RSM identified there is no formal review of manual journal entries posted in Xero.	This increases the risk of management override of controls, which can lead to an increase in opportunity for fraud.	We recommend a formal review process be implemented for manual journal entries, ensuring there is segregation of duties for this process.

### 6.3 Payables Listing

Observation	Implication	Recommendation
During the course of the audit, RSM identified there are long outstanding credit notes listed within the payables listing.	These credit notes may no longer be useable.	We recommend these credit notes are reviewed and accounted for in line with Australian Accounting Standards.

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#### 6.4 Building Valuation

Observation	Implication	Recommendation
During the course of the audit, RSM identified the last valuation was completed in 2019.	The value of the land and buildings in the financial statements may be understated.	We recommend a land and building valuation be completed in FY2024, in line with AASB 116.

#### 6.5 Xero Reconciliations

Observation	Implication	Recommendation
During the course of the audit, RSM identified the bank accounts were no reconciled within Xero.	The cash reconciliation process is not as effective or efficient as it could be if Xero was utilised properly.	We recommend cash accounts be reconciled within Xero frequently.

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## 7. UPDATE ON PREVIOUSLY REPORTED ISSUES AND FINDINGS

### 7.1 Property, plant and equipment

Summary of prior year finding	Update on finding
No formal fixed asset policy is in-place.	There is still not a formal fixed asset policy.
Status: Ongoing	

### 7.2 Bank access

Summary of prior year finding	Update on finding
Ex-committee members were listed as active bank signatories.	Ex-committee members are still active bank signatories.
Status: Ongoing	

### 7.3 Provision for employee benefits

Summary of prior year finding	Update on finding
Provision for employee benefits did not include on-costs. Management are not accruing long service leave balances for all staff as per AASB 119.	On-costs are not included as part of employee provisions. However, only staff with more than 5 years are accruing long service leave balance.
Status: Ongoing	

### 7.4 Employee wages

Summary of prior year finding	Update on finding
During the testing of salaries and wages, it was noted that some employees were not paid at the correct rate.	It was noted that employee hourly rates were not updated in-line with the Fair Work's Registered and Licensed Clubs.
Status: Ongoing	

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## 7.5 Payroll

Summary of prior year finding	Update on finding
<p>No employee contracts or timesheets could be obtained.</p>	<p>Timesheets are now completed, however there is no formal review and approval process. When preparing each payroll, the timesheets and associated payroll preparation is undertaken by at least two personnel's working in concert so they implicitly approve each timesheet. Furthermore, any payroll payment must be signed off by another signatory before the pay-run is processed by the bank – the same process that applies for all payments from our bank accounts.</p> <p>There are still no signed contracts for majority of employees. Where copies of the signed contracts cannot be located in the office or obtained from the staff concerned, relevant staff should be requested to execute a new contract.</p>
<p>Status: Ongoing</p>	

## 8. REQUIRED COMMUNICATIONS TO THE COMMITTEE MEMBERS

In accordance with Australian Auditing Standards, we are required to communicate the following matters to the Committee Members:

Matter	Key Requirements
<b>Compliance with laws and regulations</b>	Nothing has come to our attention to suggest any material instances of non-compliance with laws and regulations.
<b>External confirmations</b>	There were no instances where management refused or denied us to send a request for an external confirmation.
<b>Going concern</b>	No events or conditions have been identified during the audit that may cast doubt on Belconnen Bowling Club's ability to continue as a going concern for 12 months from the date of our auditor's report.
<b>Independence</b>	<p>We are not aware of any other relationships between member firms of RSM and Belconnen Bowling Club that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.</p> <p>We confirm that in our professional judgement, RSM is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.</p> <p>We confirm that RSM, the audit engagement team and others in the Firm as appropriate have complied with independence requirements.</p>
<b>Other Information</b>	Our procedures have not identified any material misstatement within the other information contained within the financial report.
<b>Related parties</b>	Our procedures regarding related parties did not identify any significant matters.
<b>Responsibilities relating to fraud</b>	<p>We have made enquiries of the Committee Members and management regarding whether they have knowledge of any actual, suspected or alleged fraud involving management and employees who have significant roles in internal control.</p> <p>Based on our enquiries and audit procedures, we did not become aware of any fraud during our audit.</p>
<b>Subsequent events</b>	<p>At the date of this report, other than already disclosed, we are not aware of any subsequent events, which would require an adjustment to balances in the financial statements or disclosure in the notes to the financial statements.</p> <p>We will continue to make assessments of subsequent events up to the date of the financial statements are signed.</p>

## 9. CHANGES IN ACCOUNTING STANDARDS

Standard	Matter	Key Requirements	Application Date
AASB 101 Presentation of Financial Statements	AASB 2020-1  Amendments to Australian Accounting Standards – Classification of Liabilities as current of non-current	AASB 2020-1 amends AASB 101 and require a liability to be classified as current when entities do not have a substantive right to defer settlements at the end of the reporting period for at least 12 months.  This may affect the classification of some liabilities between current and non-current.	Periods beginning on or after 1 January 2023.
AASB 101 Presentation of Financial Statements	Preparation of financial statements when a entity is no longer a going concern	Financial statements should be prepared on a going concern basis, unless management has decided to liquidate the entity or cease trading or has no realistic alternative but to do so.  The IFRIC confirmed that, where an entity prepares financial statements on a non-going concern basis, for example on a “liquidation” or “orderly termination of business” basis, it is not necessary to restate the comparative year’s results on the same basis. Instead, they would be presented on a going concern basis, and the accounting policy note should explain the difference in approaches between the two years.	Immediate – clarification of existing AASB

For more information, visit: [www.rsm.global/australia/service/audit-and-assurance-services](http://www.rsm.global/australia/service/audit-and-assurance-services)

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1  
NAME

1  
NETWORK

120  
COUNTRIES

800  
OFFICES

41,400  
PEOPLE

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