

Our Ref: AUC205

3 November 2020

Ms A Barrowclough
The Auckland Bridge Club Inc
273 Remuera Road
Remuera
AUCKLAND 1050

Dear Anne

AUDIT OF YOUR FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

We have completed the audit of your annual report for the year ended 30 June 2020.

We set out below our findings from the audit work we have performed during the audit of your annual performance report for the 2020 financial year in respect to the compilation of the annual performance report.

This report will discuss:

- The expected content of our formal audit report
- Governance and risk management matters
- Annual performance report
- Accounting systems and controls

1. EXPECTED CONTENT OF AUDIT REPORT

The primary aim of our audit is to form an opinion as to whether your annual performance report fairly reflect the results of your organisation's activities on a cash basis and service performance achievements for the reporting period. The audit report will express this opinion.

In forming our audit opinion, we conduct detailed tests of selected transactions and review the design of internal controls within the organisation. As a service to ensure you receive maximum benefit from our audit, we note our evaluation of systems and highlight areas of possible weakness or where we believe improvements can be made. Our motive is to offer objective and constructive advice so that the accounting function and related control issues can be improved in the future.

All the points made in this report have been discussed with Anne Barrowclough and we have taken account of her comments in drafting the report. These points arose during the course of our audit which is designed primarily to enable us to form an opinion on the annual performance report taken as a whole. Our report cannot, therefore, be expected to include all possible comments and recommendations which a more extensive special examination might indicate.

Your Chartered Accountants and Business Advisors

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INCORPORATING
DAVID KNIGHTLEY
ACCOUNTING

GGI
INDEPENDENT MEMBER

2. GOVERNANCE AND RISK MANAGEMENT

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls and annual performance report.

While our audit necessarily involves evaluating your overall system of financial controls and reporting, we assessed some potentially significant risk or audit focus areas in relation to your organisation. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity.

In the case of your organisation, the following are the areas and issues in the current year that we assessed as significant risk or audit focus areas:

- Completeness/accuracy of revenue.
- Adequacy of creditors and accruals.

In addition, we sought to ensure that your annual performance report was in compliance with generally accepted accounting practice in New Zealand as defined by Public Benefit Entity Simple Format Reporting – Cash (Not for Profit) standards.

We are pleased to advise that our testing of these assessed risks did not identify any significant issues or concerns. Any observations and / or recommendations related to these topics are detailed below.

Inherent Limited Segregation of Duties

We noted that given the size of the organisation there was good separation of the significant portions of the day to day accounting functions. This relieves the burden of trust upon any one person who would have this function. The separation of key accounting responsibilities is an important internal control in any system to prevent misappropriation of funds, error, or unrecorded transactions.

We wish to point out that nothing in our review of your systems has led us in any way to question the integrity of anyone within your organisation.

We reinforce the importance of strong oversight being exercised by the Committee through robust approval processes over expenditure and close monitoring of regular management accounts.

Other Governance and Risk Management Matters

We are required by auditing standards to report specific matters to you as follows:

- We have had no disagreements with management during our audit nor any serious difficulties in dealing with management;
- We have not identified any breaches of legislation during our audit;
- We have not identified any instances of fraud involving management, or any other fraud that caused a material misstatement of the annual performance report; and
- We have not noted any further significant risks or exposures that are required to be separately disclosed in the annual performance report.

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that could impair our independence.

3. ANNUAL PERFORMANCE REPORT

Unadjusted Differences

There are no unadjusted differences that we identified during the audit.

As there were no unadjusted differences, Anne Barrowclough has advised us that the Club believes that there are no unadjusted differences that are immaterial, individually and in aggregate, to the annual performance report as a whole. We accept the position.

Adjustments Made

There were no journal adjustments posted at our request in the final annual performance report.

4. ACCOUNTING SYSTEMS AND CONTROL

We are pleased to note that we have no matters of concern to raise concerning the day-to-day accounting systems and controls with the exception to the following general comments:

Internet Banking

With the transition to online payments and internet banking together with online accounting systems the efficiency of payment processes and accounting for payments has improved significantly. With these efficiencies come the inherent challenges around ensuring that sufficient authorisation and control is maintained over the approval, processing and recording of payments to suppliers.

As previously mentioned the inherent challenges with an organisation with limited administration resources is segregation of duties and this together with the internet banking and accounting functions can sometimes mean that there is a heightened risk around the payment of creditors.

We have identified no irregularities whatsoever during the course of our audit however ensuring that a member of management or the governing committee who does not have access to make changes to the accounting system have approval rights to payments as well as read only access to the accounting system helps to ensure that control over the payment system is enhanced.

Cancellation of Invoices

With the uploading of invoices into the accounting system the audit trail has improved somewhat. The inherent challenge is that there is no cancellation of the invoice once it has been paid because it is uploaded into Xero and therefore whilst there is a monthly management review of the management accounts which would highlight any significant overpayments or duplicate payments, there is the inherent risk that some invoices might be paid twice because they are not cancelled or stamped "Paid". There are some quite useful assurance reporting tools in Xero as well as other reports which can be utilised in order to identify duplicate payments.

CONCLUSION

Matters raised in this report have been discussed with Anne Barrowclough during the audit. This report has been prepared solely for the use of the Committee and senior management of your organisation. It may not be provided to third parties without our prior written consent.

If you wish, we would be pleased to discuss with you our recommendations in this letter or any other aspect of your organisation's audit.

We would like to take this opportunity to thank Anne Barrowclough and Deborah Tangney for their assistance and co-operation during the course of the audit. We appreciate our relationship with your organisation and look forward to continuing to provide a valuable service to you.

We are always trying to improve our services. If you have any observations or suggestions in this regard, we would be grateful to hear of them.

Should you have any queries regarding this letter, any aspect of our audit, or require any further assistance, please do not hesitate to contact myself.

Yours sincerely

BLACKMORE VIRTUE & OWENS



A E HOUGHTON