

19 September 2022

Attention: Directors

RE-AUDIT FOR THE YEAR ENDED 30 JUNE 2022

APEX AUSTRALIA

I have largely completed my audit of the following Apex Australia entities:

- Apex Consolidated Industries Limited;
- Association of Apex Clubs of Australia Pty Ltd; and
- Apex Australia Charitable Fund Incorporated.

Subject to the signed financial statements and representation letters being received I intend to issue the following audit opinions, with an emphasis of matter alerting the user that the special purpose framework has been adopted:

- Apex Consolidated Industries Limited – unqualified audit opinion with an additional emphasis of matter regarding the intention to cease operations in the 2023 financial.
- Association of Apex Clubs of Australia Pty Ltd – audit opinion qualified in regards to valuation of Foundation Investment.
- Apex Australia Charitable Fund Incorporated - audit opinion qualified in regards to completeness of donation income and valuation of Foundation Investments.

Auditors responsibilities and scope of the audit

The objective of my audit was to obtain reasonable assurance that the financial report was free of material misstatement. I am responsible for forming and expressing an opinion on the financial report that was prepared by management with the oversight of those charged with governance. My audit of the financial report does not relieve management or those charged with governance of their responsibilities.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls or for identifying all significant deficiencies that may exist. Accordingly, my audit would not usually identify all such matters that may be of interest to you and it is inappropriate to conclude that no such matters exist. However, attached to this report, are matters found during the audit which may be seen as a control weakness, as well as possible improvements the directors may like to consider adopting in order to improve the control environment of the Apex entities.

Auditor independence

I confirm that, as at the date of this report, that I have complied with the relevant ethical requirements regarding independence and have communicated all relationships and other matters that in the auditor's professional judgement may reasonably be thought to bear on the independence and associated safeguards, as necessary.

Accounting policies, estimates and financial report disclosures

I consider the accounting policies adopted in the financial statements appropriately disclosed. The significant estimates and judgements considered to affect the Apex entity's financial position was the valuation of Apex Foundation Limited investments.

Materiality

Material misstatements, including omissions, are those that could reasonably be expected to influence the economic decisions of the users of the financial report individually or in aggregate.

The determination of materiality is a matter of professional judgement and is affected by my perception of the financial information needs of the users of the financial report.

Fraud

I am required by Auditing Standards to consider the risk of fraud in planning the nature and extent of our audit tests. During the course of my audit I have not become aware of, or been advised of, any incident of fraud.

Compliance with laws and regulations

During the course of my audit I have not become aware of any non-compliance with any applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report.

Going concern

During the course of my audit, with the exception of Apex Consolidated Industries Limited, I have not identified any events or conditions that may cast significant doubt on the Apex entities ability to continue as a going concern. I have assessed and agreed with the conclusions reached by the directors concerning the application of the going concern concept.

Adjusting journal entries

There were no unrecorded/ proposed journals raised during the audit.

Thank you for allowing me to conduct your audit for 2022. I wish to thank Lana, Craig and Yolanda for all of their assistance during the audit process. I would also like to commend the board on the presentation of the minutes during the year, I found them easy to read and decisions adequately highlighted.

If you have any questions, please do not hesitate to contact me.

I am looking forward to working with you again in the future.

Kind regards



Jessica Galvin, Director JG Audit & Assurance

SUMMARY OF AUDIT FINDINGS

<i>Risk Rating</i>	<i>Description</i>
High	A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organisations financial statements will not be prevented or detected and corrected on a timely basis.
Moderate	A less severe that a material weakness yet merit the attention of those charged with corporate governance and if not corrected may result in a high risk rating.
Low	A risk or opportunity to improve operations.

1. Expenses – Moderate

Observation

During the audit the following matters were noted in regards to expenses:

- A number of travel claim forms were not authorised by the claimant or the approver.
- On one transaction selected in a sample that GST was claimed on a mileage reimbursement.
- Flight Center invoices are charged to Apex Charitable Fund Inc rather than the entity which incurs the expense, Association of Apex Clubs of Australia Pty Ltd.
- No support was able to be provided for a payment to the Apex Clubs Philippines for \$5,070 incurred in the Apex Charitable Fund.

Implication

- Without ensuring travel claims are adequately authorised it is difficult to ensure that the expense is bona-fide and accurate.
- GST is incorrectly recorded
- Invoices are incurred in the incorrect legal entity and GST claimed may be incorrect
- Without retaining support for expenses it is difficult to determine if it is a bonafide transaction

Recommendation

It is recommended that

- All travel claim forms are authorised
- Care is taken to ensure GST is correctly recorded
- Invoices are issued to the correct legal entity
- All support is retained for expenses. Where no support is received, it is recommended a statement is prepared detailing what the expense related to, who it was authorised by and the amount of the expense.

PRIOR YEAR ISSUES STATUS

1. *Travel Claim/ Reimbursement – Moderate*

STATUS – ON GOING

Observation

It was noted during audits sample testing of expenses a number of travel claim forms were not authorised and not all support for reimbursement/ claims were retained.

Implication

Without ensuring travel claims are adequately authorised and reimbursement/ claims support is retained it is difficult to ensure that the expense is bona-fide and accurate.

Recommendation

It is recommended that all travel claim forms are authorised and that support for the reimbursement/ claim is retained.

STATUS – on going.

2. *Receipts – Low*

STATUS – ON GOING

Observation

It was noted that receipts were not issued for donations.

Implication

Revenue recorded maybe incomplete and inaccurate.

Recommendation

Whilst it is noted that at times it is difficult to issue receipts for donations, where possible receipts are issued to ensure complete and accurate records are maintained.

3. *ASIC – Low*

Status: COMPLETED. ASIC register has been updated

Observation

It was noted that the companies information recorded in ASIC is outdated.

Implication

It is a breach of the Corporations Act not to keep the ASIC company details updated. Furthermore it could create issues in the future with amending directors that have long since left the organisation.

Recommendation

It is recommended that the ASIC registers are updated as soon as possible.

4. Bank Limits – Moderate

Status: COMPLETED

Observation

During review of the minutes it was noted that there is a \$100,000 daily limit on transactions.

Implication

Given the size of the Apex entities this is considered to be a large daily limit which may increase the risk of a substantial fraud or error occurring.

Recommendation

It is recommended that the directors review their risk appetite to consider if the daily limit is adequate for the Apex entities.

5. Minutes – Moderate

Status: COMPLETED

Observation

Audit was not provided with evidence of the minutes of the meetings being signed.

It was also noted that there are a lot of questions asked during the meetings however the outcome/ decision of the discussion is not documented.

Implication

Without evidence to confirm that the minutes have been authorised it is difficult to ascertain if the meetings are a true and correct document.

The outcomes of motions put forward also need to be documented to ensure operations are inline with the directors' authorisation.

Recommendation

It is recommended that as a meeting is accepted as a true and correct document of a previous meeting that the minute is signed by the president to reflect this and that the outcome of motions is documented.