

FACT SHEET



YOUR GUIDE TO CABEL AUDIT

When CABEL Partners is appointed as Auditor of an organisation, an examination of your business systems and of the balance sheet, profit and loss statement and notes of the organisation (known as financial statements) will be undertaken. CABEL Partners are independent of the organisation. Generally we are appointed by the Board and act for the shareholders/members.

What is an Audit?

An audit provides reasonable assurance that the financial statements are free from material error. A set of financial statements are said to be true and fair when they are free of material misstatements – a judgement decision. We will express an opinion on those financial statements in an audit report and also provide feedback on recommendations for systems improvements which we find during our sample test checking audit procedures. Statistical sampling is often used in audits.

Who Can do an Audit?

A Registered Company Auditor who is appointed and annually reviewed by ASIC can be appointed as an auditor. Phillip Browne, our Registered Company Auditor holds registration number 1982.

Why Is An Audit Required?

There can be many reasons including statutory, your entity's Constitution, a bank lending covenant, or your entity being contractual or grant dependent. Often there is more than one reason. No matter the reason all audits must be conducted in accordance with Australian Auditing Standards, which you will find on our website. The reason why an audit is required will be stated in the Audit Report Scope.

How Can You Get The Most Out Of Your Audit?

“Be prepared” (as the Scouts would say)

If you are prepared for the CABEL Audit, it will make life a lot simpler for both you and the Audit team. We recommend you:

1. Understand why your organisation is being audited, what is required of you and what the Audit team is required to provide and request from you. This information can be found on our website at www.cabel.com.au/audit.
2. Think about, & tell us, how the audit can benefit your organisation, and how you can get the most value for money.
3. Engage with the Audit team during the year and during your Audit to get feedback on issues. By developing a relationship you can ask questions, so that there are no Audit surprises.

Benefit from the Audit team's expertise, by asking the tough questions. Use the Audit team as a sounding board.

What is an Audit Report?

This is our judgement in writing on the scope of the audit. For example we may need to comment on the compliance of the financial statements with Australian Accounting Standards.

It is important to establish the scope of the audit and what will be set out in the Audit Report. We establish the Scope of the audit at audit engagement time with you and review it annually.

Where And When Is The Audit Done?

The Audit is usually undertaken at the entity's premises after year end to allow the Auditor to do tests and get the best exposure to your business and how it operates. Some entities require an interim audit during the financial year.

How Much does the Audit Cost?

Audit costs depend on the scope and the organisation's systems. CABEL Audit will give you a cost to do the Audit which will be correct if preparations are complete and accurate and there are no issues of going concern or abnormal reporting. However, in unusual circumstances the requirements of undertaking an Audit may require us to go beyond that costing when more investigation is required. Your Certainty Charter Audit fee is an annual fee. It includes all queries you have throughout the year so that you can ask questions and discuss issues with the Audit team as they arise through the year.

FAQs

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| 1. Is an audit committee compulsory? | No |
| 2. Is an audit committee a good idea? | Yes, depending on size, complexity and risk profile of the organisation. |
| 3. Can an audit committee be just the President/Chairman, Treasurer and CEO? | Yes. Ideally it would include someone who is involved in the financial side of the business with financial experience and training. |
| 4. Whose responsibility is it to compile the financial statements in statutory compliance format? | The Board. Often this job is outsourced to the auditor; however the responsibility remains with the Board. |
| 5. Do you audit the Directors' Report? | No |
| 6. Do you audit the Director's Declaration? | Yes |
| 7. Do you audit the parts of an Annual Report which are not the financial statements? | No |
| 8. Can an auditor provide taxation advice? | Yes |
| 9. Can an auditor provide bookkeeping services? | No. This could be a self review threat and our independence would be lost. |
| 10. Do you ever have an obligation to report to, for example, ASIC? | Yes, in unusual circumstances we do. |
| 11. Where can I find out more about your independence obligations? | On our website at www.cabel.com.au . |
| 12. Do we audit for fraud? | Yes. Refer to our website www.cabel.com.au . |

Glossary

Assurance is an independent professional service, typically provided by accountants, with the goal of improving the information or the context of the information so that decision makers can make more informed, and presumably make better decisions. Assurance services provide independent and professional opinions that reduce the information risk (risk that comes from incorrect information).

Financial statement (or financial report) is a formal record of the financial activities of a business, person, or other entity and is made up of at least a Balance Sheet, Profit and Loss Statement and Notes.

ASIC Australian Securities and Investments Commission is the Federal Government corporations and audit regulator.

Going Concern indicates an expectation to continue to trade for the next 12 months after the financial statements are signed off by Directors. This is a fundamental principal for the bases of preparation of financial statements.

As at the 1 February 2011

Providing certainty

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