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The Committee
PTSD Resurrected Inc
25 Coralcoast Drive, Tallai QLD 4213

Dear Committee

PTSD Resurrected Inc -Audit for the Year Ending 30 June 2024

We have completed our audit for financial year ended 30 June 2024 and duly enclose one signed copy of the audited financial statements, together with our audit management letter. This letter outlines:

- matters we identified during the current audit that we believe are of importance to those charged with governance and those issues we are required to communicate under Australian Auditing Standards;
- follow up of prior year audit recommendations; and
- current year recommendations for improved internal controls and financial compliance.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Our audit work is designed to enable us to form an opinion on the financial statements of the Association and it should not be relied upon to disclose all irregularities that may exist or to disclose errors that are not material in relation to the financial statements. As a result there may be other matters that did not come to our attention.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of the entity. Committee should make its own assessment of the risks to the organisation.

We recommend comments are provided to the recommendations within the detailed appendices and when practicable, for the recommendations agreed by those charged with governance;

- assign responsibility for implementing the recommendations;
- develop an action plan, including a timetable, to implement the recommendations; and
- implement internal processes to monitor and report on progress.

If you would like to discuss any of the matters raised in this letter, please do not hesitate to contact me.

Yours sincerely

T,L.ADAM



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Audit management letter

for the year ending 30 June 2024

PTSD Resurrected Inc

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Scope

The purpose of this report is to set out certain matters that came to our attention during the course of the final audit of the financial statements of PTSD Resurrected Inc for the year ended 30 June 2024.

Our objective is to use our knowledge of the charity and grant funded entities during our routine audit work to make useful comments and suggestions for you to consider. Our report is designed to provide recommendations that may help improve performance and avoid weaknesses that could lead to material loss or misstatement. It is your obligation to take the actions needed to remedy those weaknesses and carry out internal risk assessments of any potential impact if our recommendations are not implemented.

The report is provided on the basis that it is for the information of committee of the charity; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we will accept no responsibility to any third party in relation to it.

This report summaries;

Executive Summary: Our observations from this year’s audit, significant issues relevant to the Charity;

Follow Up of Prior year Auditor Recommendations: Review of implementation of prior year recommendations.

Current Year Auditor Recommendations: Detailed analysis of recommendations identified during the current year audit, assessment of the risk to the Charity and our recommendation for improvements.

We aim to summarise each finding as either critical, important or good practice to assist those charged with governance on the importance of implementation of our recommendations.

Key to Summary

Critical	Addresses a fundamental control weakness or significant operational issue that should be resolved by management as a priority.
Important	Addresses a control weakness or operational issue that should be resolved by management within a reasonable period of time.
Good Practice	Addresses a potential improvement opportunity in operational efficiency/effectiveness.

Executive Summary

Financial Results

The Charity reports a deficit for the year of \$13,711 (prior year deficit reported was \$16,784).

The charity' statement of assets and liabilities continues to report a positive net asset position with over \$100k held as cash at bank, although a key issue for the charity remains the liability reported on the motor vehicle finance loan which although part of the borrowing is non current the finance amount is in excess of the fair value of the associated motor vehicle.

We recommended in the prior audits that documented decisions are approved in respect of the affordability of such loans given the future of the charity relies on grant, sponsorship and donation funding.

Key Charity Risks

Each year we research publications from the charity and not for profit sector that provide an insight into key issues facing charities. As a result we provide commentary on the following issues that we have identified as key issues in the current year.

- Skill Set of Those charged with Governance and adherence to ACNC governance standards; and
- Changes to Incorporated Associations Act.

Skill Set of Those Charged With Governance

The ACNC sets clear governance standards and with most charities the importance of sound governance include the evaluation of the skill set, education and aligned roles and responsibilities of the committee/those charged with governance.

Committee/Board members are elected to implement the strategic priorities of the charity, make important decisions, set the tone of good governance and implement effective risk management strategies.

It is recommended that periodically the Committee assess their current practices against good practice for evaluation including skill set and training of committee members and adherence to ACNC governance standards including;

1. Evaluation of any instances where there is a risk of committee members performing non governing roles (eg roles within operational management or finance) and how this can be eliminated to ensure that the committee members are independently performing the governance role;
2. Evaluate the skill set of committee members and
3. Self evaluation of achievement of ACNC governance standards.

Executive Summary continued

Changes to incorporated associations Act

Effective for financial reporting periods post 1 July 2024 incorporated associations must implement the changes to the Associations Incorporation and Other Legislation Amendment Regulation 2023. Key changes are summarised below and we recommend management and committee evaluate the implementation of the changes required.

- a) Dispute resolution procedures: Associations must follow the grievance procedures in the model rules or adopt another compliant procedure into charity constitution. Consideration of creating a charity specific grievance procedure must comply with section 47A of the Associations Incorporation Act 1981;
- b) Remuneration disclosure: All incorporated associations need to disclose remuneration and other benefits at their annual general meeting (AGM), even if the amount to report is zero. This applies to benefits and remuneration given to management committee members, senior staff and their relatives. The majority of charities will address this disclosure through disclosure in the supporting notes to the clubs financial statements.

Summary of Findings and Key Recommendations

The Charity has very low segregation of duties given the committee members are the key persons running and involved in all the charity operations. As a result there is limitation to the level of internal controls that can be implemented , however we summarise our recommended improvements to accounting and governance to address any risk regarding compliance with legislation and misappropriation of the charities funds.

Our key recommendations are in respect of :

- Review tax compliance in respect of payment of honorarium to committee members and ensure all amounts are agreed and documented at the AGM;
- Review arrangements for payments to key persons for delivery of services, in particular grant objectives. In particular the requirement to engage paid staff;
- Adequacy of systems to report the grant deliverables and generally the deliverables and outputs of all charity objectives;
- Review the reason for the overstatement of GST refund by \$9k; and
- Governance improvements, including documentation of related party arrangements and documented risk assessment and evidence of independent approval of spending by independent committee members not involved in operational elements of the charity.

Adjusted and Unadjusted differences

Our audit identified a number of audit adjustments, all which have been corrected during the audit process. Appendix C – Auditor adjustments summarises the adjustments made.




APPENDIX A: PRIOR YEAR AUDIT MANAGEMENT LETTER RECOMMENDATIONS

	Issue	Risk	Recommendation	Committee Response	Traffic Light
1.	<u>No Documented Risk Register</u> We were unable to obtain management's risk register and action plan.	Potential for incomplete risk assessment and the possibility of overlooking critical risks.	Ensure risk register or risk action plan is readily available to key personnel in charge and ensure regular reviews are performed to identify new or emerging risks.	2024: issue closed, risk register implemented.	Important
2.	<u>No related party register</u> We note while management confirm no current related parties are in place, there is no formal related party register in place.	Lack of governance and non compliance with updates to ACNC annual reporting.	Management maintain related party disclosure that includes all necessary related parties or confirms nil in place, to be reviewed at monthly meetings.	2024: issue still relevant	Important
3.	<u>GST Reconciliation</u> The balance sheet reports a GST refund of \$12,062 compared to the ATO records of \$4664. .	GST does not reconcile to ATO records with a risk of either inaccurate data submitted to the ATO or inaccuracies in the balance sheet reported asset.	The account reconcile and review the reason for the difference between ATO reported GST asset and the financial records and amend BAS as appropriate.	Still relevant – BAS reports refund of \$7525 GL \$16652 overstatement of \$9127	Important
4.	<u>Fundraising Activities</u> We note the income statement reports charity ball income of \$16,332 against expenses for the ball of \$360,758	Fundraising events do not meet the objective of raising funds for the charity. Misappropriation of income.	The committee review the reasons why fundraising events operated at a loss to the charity.	2024: Charity Ball profit of over \$100k,	Important

APPENDIX A: PRIOR YEAR AUDIT MANAGEMENT LETTER RECOMMENDATIONS

	Issue	Risk	Recommendation	Committee Response	Traffic Light
5.	<u>Honorarium</u> Committee members are paid via an honorarium for provision of services to delivery charitable objects and the grants. The grant conditions mentions the use of funds for paid staff.	Grant conditions not meet, PAYG or superannuation obligations not met.	Committee confirm current arrangements are in accordance with the grant. Committee ensure tax obligations of honorarium are met (eg inclusion of payments on ITRs) or consider whether committee should be under agreed contractor or staff arrangements to monitor the delivery of the provision of services within the grant conditions.	Still relevant - audit notes over \$80k in honorariums have been provided to committee members during the financial year, not including any salary and wage payments	Important

APPENDIX B: CURRENT YEAR AUDIT MANAGEMENT LETTER RECOMMENDATIONS

	Issue	Risk	Recommendation	Committee Response	Traffic Light
1.	<p><u>Debtor – Accounts Receivable</u></p> <p>Although immaterial, we note, that debtor 'Atlantis Recovery Center' has been aged since April 2023.</p>	<p>Risk of overstatement of debtors.</p>	<p>Detailed review be performed of the aged debtors listing to identify those with long outstanding balances, and effective collection practice be put in place to reduce amounts owing.</p>		
2.	<p><u>Expenses where there is a risk of personal consumption</u></p> <p>Although we understand that the charity has in place procedures relating to validation of costs /expenses where there is a risk of being personal in nature (fuel and consumables) including written reasons required for any costs that may be of a personal nature, i.e. uber eats payments, car registration, fuel payments.</p> <p>Expenses of a personal nature not identified or queried.</p>	<p>Expenses of a personal nature not identified or queried.</p>	<p>Review the monitoring controls in place and whom is responsible for validation of explanations and processes in place for any costs where there is a risk of personal consumption – including fuel reimbursements, food purchases etc.</p>		
3.	<p><u>Loans to committee members</u></p> <p>We noted transactions coded to 'owner drawings' which appears to be loan to committee members to be returned to the charity.</p>	<p>Non compliance with ACNC and use of charitable funds for committee loans.</p>	<p>Management review this account as soon as possible, ensure funds are returned and implement process to ensure payments can not be processed for personal activities</p>		

APPENDIX B: CURRENT YEAR AUDIT MANAGEMENT LETTER RECOMMENDATIONS

	Issue	Risk	Recommendation	Committee Response	Traffic Light
4.	<p><u>Review of expenses to ensure charitable in nature</u></p> <p>We note significant spending occur for reboot and programs run overseas. While we understand budgets are approved in minutes, there is room for improvement on governance and documentation of project spending.</p>	<p>Potential misuse of charitable funds</p>	<p>We recommend management consider the following in relation to expenses, particularly travel and honorarium related expenses:</p> <ul style="list-style-type: none"> - Detailed line budgets be prepared for trips and approved by board, documented in minutes - Honorariums be considered for salaries and wages, or hobby declarations signed if activities are not of employee nature - Segregation of duties be consider for approval of honorariums to committee members 		<div style="background-color: #FFD700; padding: 5px; border: 1px solid black; width: fit-content; margin: 0 auto;">Important</div>
5.	<p><u>Reboot Program Costs</u></p> <p>We noted the following issues in reboot expenses reported:</p> <ul style="list-style-type: none"> - Inventories are not reported for stock held on hand at year end - Potential duplicates in reporting expenses - Potential omissions in recovered recoupment costs 	<p>Misstatement of P&L and Balance sheet</p>	<p>We recommend management review the accounting of these transactions, in particular:</p> <ul style="list-style-type: none"> - Consider the benefits or periodic stocktake and adjustment in XERO - Consider preparing reconciliation workpaper for grant costs incurred and recouped - Consider the benefits of year end reconciliation of these projects to identify any duplicate and possible omissions 		<div style="background-color: #FFD700; padding: 5px; border: 1px solid black; width: fit-content; margin: 0 auto;">Important</div>



APPENDIX B: CURRENT YEAR AUDIT MANAGEMENT LETTER RECOMMENDATIONS

	Issue	Risk	Recommendation	Committee Response	Traffic Light
6.	<u>Aged Debtor</u> Audit noted an aged debtor still not received at the date of sign off from Atlantis Recovery Center.	Non recoverability of debtors	Follow up on collection of this invoice or consider writing off.		Best Practice
7.	<u>Owner Drawings</u> We noted expenses posted to 'owner drawings' during the year suggesting committee loans.	Misstatement of expenses	We have adjusted this following communication during the audit process, and recommend accounts be reviewed throughout the year to identify these misallocations on a timely basis		Best Practice

APPENDIX C: SUMMARY OF ADJUSTED AND UNADJUSTED AUDITOR JOURNALS (PRIOR)

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit
1	30/06/2023	N	Consulting & Accounting	405	N.12-1		1,500.00	
1	30/06/2023	N	Accruals	AUD2	N.12-1			1,500.00
being to accrue audit fees								
2	30/06/2023	N	Toyota Land Cruiser 2013 Financing	912	O.12-1		90,274.25	
2	30/06/2023	N	Loan (Non current)	DDA3	O.12-1			90,274.25
Being to reallocate sponsorship revenue								
3	30/06/2023	N	Sponsorships Received	210				58,800.00
3	30/06/2023	N	Other Revenue	260			58,800.00	
Being to adjust Reboot Face to face and online payments to sponsorship								
4	30/06/2023	N	Unexpended Grant Revenue	810	Z.L10		28,000.00	
4	30/06/2023	N	Auditor Accruals	855	Z.L10			28,000.00
Being to reverse prior year income in advance brought to revenue in line with AASB 15								
5	30/06/2023	N	Grants Received	215	V.19		144,000.00	
5	30/06/2023	N	Unexpended Grant Revenue	810	V.19			144,000.00
Being to take up grants held in advance in line with AASB 15 correct reporting period								
6	30/06/2023	N	Sponsorships Received	210	G.11			3,355.37
6	30/06/2023	N	Other Revenue	260	G.11			212.29
6	30/06/2023	N	Proceeds of Sale of Assets	271	G.11			20,212.00
6	30/06/2023	N	Depreciation	416	G.11		18,346.00	
6	30/06/2023	N	Motor Vehicle	700	G.11			87,141.00
6	30/06/2023	N	Less accumulated depreciation - MV (NEW)	701	G.11			18,346.00
6	30/06/2023	N	Less accumulated depreciation - MV (NEW)	701	G.11		11,693.00	
6	30/06/2023	N	Vehicle Loan	835	G.11		20,576.64	
6	30/06/2023	N	Vehicle Loan NCL	845	G.11		81,878.16	
6	30/06/2023	N	Toyota Financing - Unexpired Interest	910	G.11			7,877.97
6	30/06/2023	N	Toyota Financing	911	G.11		5,050.83	
6	30/06/2023	N	Retained Earnings	960	G.11			400.00
Being to account for depreciation								
and reverse old loans written off on disposal (Also includes removal of PY audit adjustments for sponsorships invoices in advance)								
7	30/06/2023	N	Travel - National	450	W.10			11,645.80
7	30/06/2023	N	Prepayments	620	W.10		11,645.80	
Being to take up flights paid in June 23 for SA trip 2024 financial year (Reverse 1/7/23)								
8	30/06/2023	N	Donations Received	250			34,002.28	
8	30/06/2023	N	Other Revenue	260			5,160.00	
8	30/06/2023	N	Income - Charity Ball	262				39,162.28
Being to reclassify charity ball income (Client not needing to enter for accounts classification only)								
12	30/06/2024	N	Consulting & Accounting	405			500.00	
12	30/06/2024	N	Accrued Expenses	805				500.00
Being to increase audit fee accrual - increased work required with testing on wages and increased operations								

APPENDIX D: SUMMARY OF ADJUSTED AND UNADJUSTED AUDITOR JOURNALS (CURRENT)

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit
2	30/06/2024	N	Depreciation	416	G.13		18,679.00	
2	30/06/2024	N	Less Accum Depn - MV	701	G.13			18,679.00
Being to adjust for depreciation								
3	30/06/2024	N	Grants Received	215				26,384.25
3	30/06/2024	N	Unspent grant funds	DDA4			26,384.25	
Being to reclassify as an expense account								
4	30/06/2024	N	Sponsorships Received	210				58,800.00
4	30/06/2024	N	Other Revenue	260			58,800.00	
Being to adjust RSL Qld Sponsorship payments into correct account								
5	30/06/2024	N	Insurance	418	J.11			3,042.44
5	30/06/2024	N	Motor Vehicle Expenses	432	J.11			896.40
5	30/06/2024	N	Travel - National	450	J.11		11,645.00	
5	30/06/2024	N	Prepayments	620	J.11		3,938.84	
5	30/06/2024	N	Prepayments	620	J.11			11,645.00
Being to adjust for correct allocation of prepayment								
6	30/06/2024	N	Grants Received	215	V.72-1			144,000.00
6	30/06/2024	N	Unexpended Grant Revenue	810	V.72-1		144,000.00	
Being to receive grants in advance from PY								
8	30/06/2024	N	Consulting & Accounting	405				1,500.00
8	30/06/2024	N	Consulting & Accounting	405			1,500.00	
8	30/06/2024	N	Accrued Expenses	805			1,500.00	
8	30/06/2024	N	Accrued Expenses	805				1,500.00
Being to adjust for PY accrual and take up CY								

APPENDIX E: PRIOR ACCOUNTING STANDARDS AND INTERPRETATIONS

This appendix summarises the changes in Accounting Standards and Interpretations issued which are applicable for the Association/Entity/Club/Charity.

Reference	Summary of Change	Application Date of the Standard	Applies to financial year ended
Current Period Changes to Accounting Standards			
AASB 2020-1	<p>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current</p> <p>Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023 by AASB 2020-6.</p>	1.1.2023	30.6.2024
Accounting Standards Issued but not yet Affective			
AASB 2021-2	<p>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1.1.2023	30.6.2024

APPENDIX F: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

This appendix summarises the changes in Accounting Standards and Interpretations issued which are applicable for the Association/Entity/Club/Charity.

Reference	Summary of Change	Application Date of the Standard	Applies to financial year ended
Current Period Changes to Accounting Standards			
AASB 2020-1	<p>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current</p> <p>Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023 by AASB 2020-6.</p>	1.1.2023	30.6.2024
Accounting Standards Issued but not yet Affective			
AASB 2021-2	<p>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1.1.2023	30.6.2024