

10 September 2025

ACT Canine Association Tas Dogs ACT
PO Box 815
DICKSON ACT 2602

Dear Committee

Re; Guidance Statement GS 019 – Auditing Fundraising Revenue for Not-for-Profit Entities

We are writing to you regarding the appropriate processes for the recognition and reconciliation of cash collections for audit purposes.

As the appointed auditors of ACT Canine Association since 2016, we have observed a notable increase in cash collections over recent financial years. In light of this development, we wish to inform the Board that we will be implementing additional audit procedures to assess the controls and processes surrounding cash collections.

Risk to the Organisation

We refer to **Guidance Statement GS 019 – Auditing Fundraising Revenue of Not-for-Profit Entities**, which addresses the inherent challenges in auditing cash donations due to the lack of verifiable audit trails. GS 019 acknowledges that where controls are not adequately implemented to record cash collections, the auditor may be required to qualify the revenue recorded in the profit and loss statement.

It is essential that the governing body of a not-for-profit entity maintains an effective internal control structure over its fundraising activities. The Board is responsible for ensuring that all fundraising and other revenues under the entity's control are properly accounted for. This includes establishing controls to ensure that cash donations are accurately recorded in the financial records and that revenue recognition complies with Australian Accounting Standards and the entity's adopted accounting policies.

Audit Perspective – Risk of Qualification

As outlined in **GS 019, paragraph 4**, from an audit perspective, there is often uncertainty as to whether a not-for-profit entity has received all cash donations to which it is entitled. This is particularly the case when adequate controls are not in place over all sources of revenue. In such circumstances, it may be difficult for the auditor to perform sufficient tests of controls and substantive procedures to reduce audit risk to an acceptable level. Where this scope limitation exists, the auditor may consider expressing a **qualified opinion** regarding the completeness of cash donations.



It is important to note that a qualified opinion should not be issued as a matter of course for all not-for-profit entities receiving cash donations. Rather, it should be considered only where the auditor is unable to obtain sufficient appropriate audit evidence due to deficiencies in internal controls.

Recommendation

We recommend that the Board reviews and strengthens the internal controls surrounding cash collections, particularly in relation to fundraising activities. This may include:

- Implementing documented procedures for cash handling and reconciliation.
- Ensuring segregation of duties in the collection and recording of cash.
- Maintaining detailed records of fundraising events and cash received.
- Conducting regular internal reviews of cash collection processes.

We would be pleased to assist the Board in reviewing current practices and identifying areas for improvement to ensure compliance with GS 019 and to support the integrity of the financial reporting process.

Please do not hesitate to contact us should you require further clarification or support.

Yours sincerely



Andrew Snaidero
Director
Hardwicks Partners Pty Ltd

Our reference: 799237_1