



Audit Proposal

June 2019

Audit proposal

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Audit proposal

executive summary

Thank you for the opportunity to submit this expression of interest to St Margaret's Anglican Church Eltham for the provision of audit services. rdl.accountants has the skills, experience and commitment to assist you by delivering exceptional service at a reasonable cost. We are delighted to submit this proposal to you.

why rdl.accountants?

The organisation is seeking an experienced audit firm to perform the annual audit of the financial statements and to also be engaging with the Wardens to ensure audit related matters and from time to time other services or requests are dealt with in a timely manner. Our firm's specialisation in the not-for-profit sector and more recently in the introduction of the Australian Charities and Not-for-profit Commission (ACNC) has further enhanced our skills to ensure we can advise clients on important changes from time to time in these areas.

We have significant experience and expertise dealing with the needs of churches, Christian Mission organisations and other community service and not-for-profit organisations, and have a thorough understanding of the types of issues that face these organisations and their stakeholders. Furthermore, we fully understand both the technical and relationship requirements that such organisations expect, and we tailor our services accordingly.

fees

Our proposed audit fee for the church for the year ended is \$5,800 however we provide a Christian Mission Discount which reduces this to \$4,350 plus GST. We have not provided a quote for preparation of financial statements as advised however should the church wish for us to prepare these we can prepare a separate quote for this service.

We look forward to the opportunity to work with you.

Yours faithfully



Matthew Hung
rdl.accountants
Audit Director

Audit proposal

firm background

rdl.accountants is a Chartered Accounting firm, who together with our predecessors has been providing professional audit, accounting and other financial services for over 55 years.

Our Mission statement involves our dedication to providing quality, timely and cost effective service to our clients.

We bring a professional and personal approach to relationships with clients, emphasising honesty and integrity in all facets of life and employing excellence by using the latest technology, qualified and experienced staff and appropriate sources of information.

The Directors and senior staff have an **active** involvement in various community organisations. Accordingly, we are well equipped in matters of a financial nature, which may arise, that are peculiar to organisations in the not-for-profit sector.

We have journeyed with numerous church and mission organisations over many years as they have needed to improve their practices and we would look forward to working with you and in your future ministry plans.

Our client values are as follows:

- ✓ Understanding your business needs
 - ✓ Always reliable
 - ✓ Technical expertise
 - ✓ Always responsive
- ✓ Easy to do business with

Audit proposal

experience with not-for-profit organisations

rdl.accountants by its staff and professional standards, understands and practices the ethos of not-for-profit organisations. We are familiar with the relevant acts and governance under which the organisation operates in the commercial and not-for-profit sector. Our audit Directors also have extensive involvement and experience in the commercial and not-for-profit sectors.

Some of our external audits for organisations include:

- St Hillary's Anglican Church
- St Georges Anglican Church Malvern
- St Marks Anglican Church
- St Alfreds Anglican Church
- All Saints Anglican Church
- Anglican Diocese of Rockhampton
- Bridge Church
- City On A Hill
- New Hope Baptist Church

The above list includes clients which are similar to you, however we are involved in various other community and other not-for-profit public benevolent institutions. Our broad client base is a great advantage in ensuring our staff have the broad skills to advise the organisation as it develops.

not-for profit reform

rdl.accountants has been closely following reforms within the not-for-profit sector including the introduction of the Australian Charities and Not-for-profits Commission and the establishment of the Charities Act. We have assisted peak bodies as they have formulated suggestions and in some cases objections to proposed legislation and are well placed to assist our clients to negotiate the implications of the reforms as they are introduced.

Audit proposal

your organisation

We understand the following of the organisation:

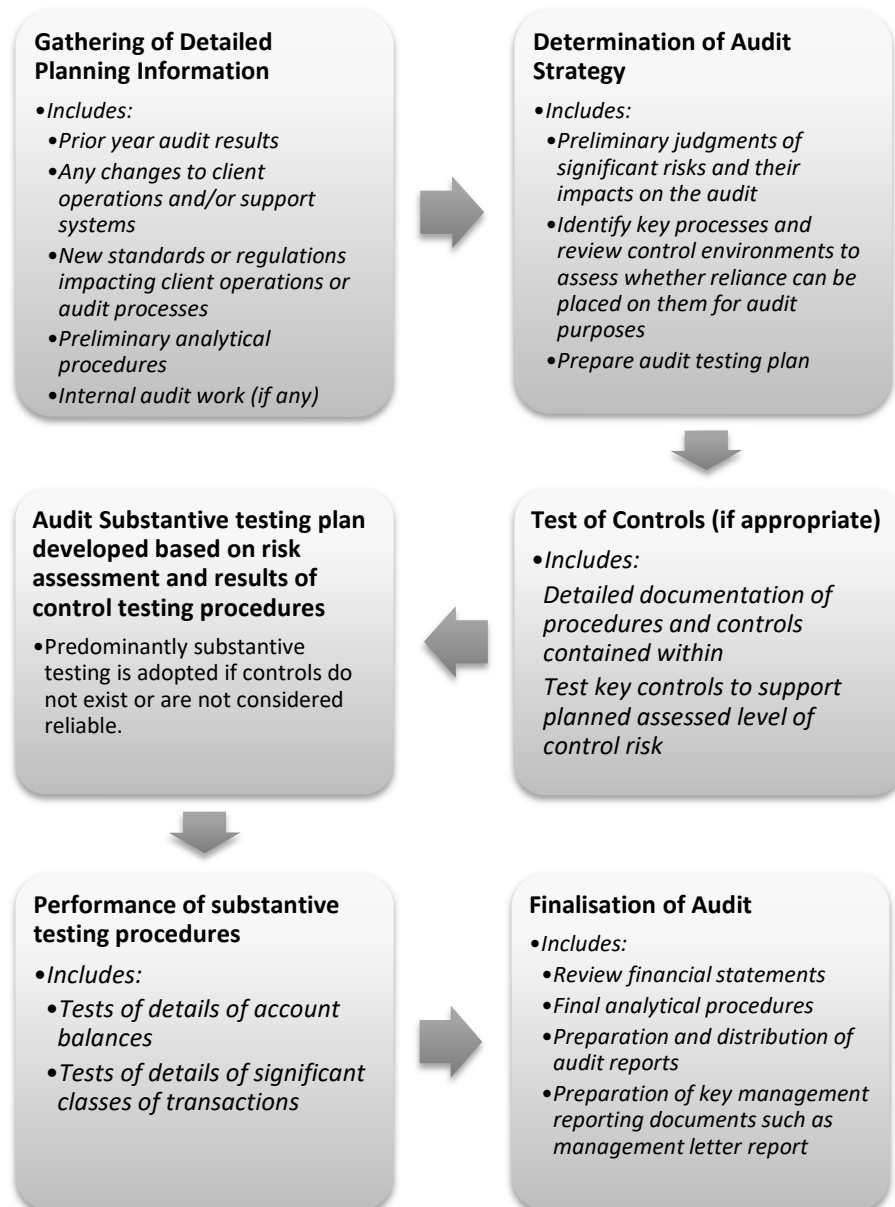
St Margaret's Anglican Church Eltham

- ABN: 19 171 109 073
- Basic Religious Charity
- Year End 30 September
- Registered for GST
- Tax Concessions available
 - GST Concessions
 - FBT Rebate
 - Income Tax Exempt
- Registered Charity with the ACNC
- Medium Size Entity – revenue of \$250,000 to \$999,999

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rdl accountants risk based audit approach

Our audit plan has been prepared based upon our audit experience we have in the not-for-profit sector and current auditing standards. Our audit team has been assembled in a way to utilise the experience and strengths of the individuals optimally to better service your needs through an informed and proactive approach. Our audit approach is in line with current auditing standards that dictate that an audit is performed using a risk based approach and is designed to gain comfort over the financial statements in the most efficient and effective manner.



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planning

Audit Planning is normally conducted before the end of the reporting period to gather information such as changes to the organisation's operations and/or support systems, to make an assessment of the control environment including IT general controls. We also review the latest financial statements and understand the main movements compared with the prior year. An extensive Audit Planning Memorandum is prepared for each audit. Our detailed audit planning enables us to outline the expected audit scope to cover the major risk areas in an effective and efficient manner.

determination of audit strategy

Based on the information that we gather from the audit planning, we make a preliminary assessment of the significant risk areas. At this stage we also identify key processes and review control environments to assess whether reliance can be placed on them for audit purposes. A detailed audit testing plan is then developed.

review of operation systems and test of controls

We review the key operation cycles via a walkthrough and document the procedures and controls contained within. We use internal electronic tools to select random samples of transactions that form the basis of tests to evaluate the effectiveness of controls.

audit substantive testing

At the completion of the review of the operation systems and the internal controls testing/evaluation, we will be in a position to plan the extent of our balance date work on the financial statements.

The substantive audit testing will cover all material financial statements areas and will involve an evaluation of the appropriateness of accounting policies used in the financial statements and an assessment of the accuracy of significant accounting estimates. Any issues or possible adjustments will be summarised and discussed with you prior to final review.

We use the latest technology and electronic tools to select samples and to scrutinise large volumes of data for further investigation

reporting requirements

Under the current reporting regime, the church will not be required to lodge the financial statements for the year ended 30 September 2019 with the ACNC. Only the preparation of the Annual Information Statement is required by the 31 March 2020

We understand that your accountants will continue to prepare the financial statements, and so we will work with you to ensure that they are in accordance with applicable accounting standards and requirements.

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management reporting

Matters which arise during the course of the audit will be reported to the appropriate level of management.

At the end of the audit, we will prepare a Management Letter to the Wardens addressing any areas of concern and our recommendations for improvement including any material internal control weaknesses that we note during the audit.

In our audit opinion, we will state whether the financial statements are in accordance with the relevant legal requirements. This includes whether they give a true and fair view of the financial position as at the reporting date, of its performance for the year ended on that date; and whether they comply with the applicable accounting standards.

We are available to attend a meeting with the Wardens to discuss our findings from the audit in person.

quality assurance

We conduct our audits in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We are also subject to the Institute of Chartered Accountants Australia and New Zealand's review of our firms practices and quality.

independence

We are not aware of any actual or perceived conflicts of interest per APES 110 or under the *Australian Charities and Not-for-profits Commission Act 2012* that would preclude rdl.accountants from conducting the audit. We revisit this question while planning for an audit each period to ensure that the entire team is still appropriate. Our independence policies and procedures are based on the applicable professional standards. Appendices 3 and 4 contain copies of our independence checklist and resolution memorandum.

As a further measure, should there be any non-assurance related services required, these are provided by staff and under the supervision of a director not involved in the audit.

transition

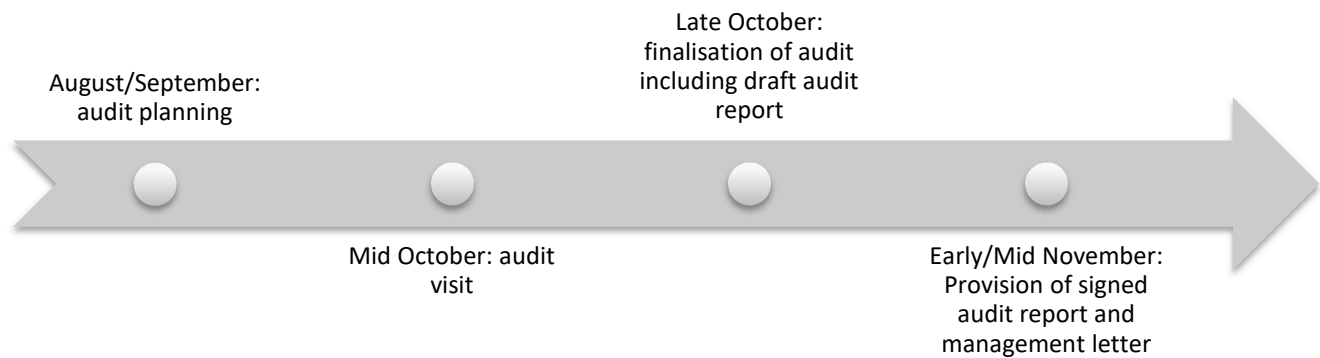
Should we be the preferred auditor, we would ensure a smooth transition which would include:

- Contact with your previous auditor for ethical clearance
- A meeting during the planning stage of the audit to gain further understanding of the organisation

Audit proposal

service timetable and deliverables

We will plan our audit to meet your own reporting requirements but we would anticipate a timetable similar to the following:



We arrange dates for our visits during our audit planning and will work with you to agree a mutually suitable time.

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value added services – audit and assurance related

We are able to accommodate changes in audit and assurance related needs. Our services include:

audits: in accordance with the Australian Auditing Standards, registered company auditor, statutory or voluntary	reviews: in accordance with the Australian Auditing Standards, as permitted for some organisations under Corporations Act, ACNC and incorporated associations legislation	financial reporting: assistance with preparation of statutory financial statements, application of the accounting standards, other non financial disclosures
agreed upon procedures: audit procedures with specific objectives and limited scope	internal controls: review of documentation, education, existence and adequacy	internal audit: design of internal audit programs, systems testing, periodic testing
risk : reviews of organisational structure, governance, policy and procedures for risk	grant acquittals: performance of grant acquittals, assistance with understanding grant requirements	ancillary funds: audits under the guidelines for public and private ancillary funds

value added services – other

We are also able to offer other non-audit and assurance related services.

Our firm is bound by numerous quality control standards, both developed by our own practice and from professional ethics requirements of the Institute of Chartered Accountants in Australia. We are very mindful of the potential conflicts of interest that may arise.

However, our experience in working with organisations of a similar nature, allows us to consult on and assist in implementing, where appropriate, other value added benefits. In most cases these services are provided by Directors and staff not involved in the audit engagement.

Such services have included but are not limited to:-

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general charity consultancy:

assistance with registration, applications, fundraising events

charity reform consultancy:

education, readiness and compliance reviews

business re-structuring:

advice and assistance including companies, associations and trusts

tax:

income tax return preparation and lodgement, advice and assistance, registration, application of charitable concessions, liaison with ATO

gst:

preparation of BAS, application of charitable concessions, liaison with ATO, gst groups and sub-entities

fringe benefits:

advice including salary packaging options, fringe benefit tax return preparation and lodgement

management reporting:

design, preparation of management reports and key performance indicators

information systems advice:

assistance with software solutions

business improvement and coaching

tailoring policies, procedures and methodologies to improve your business

payroll:

full payroll services including preparation of annual PAYG payment summaries, superannuation

portfolio management:

and related services such as financing assistance through rdl.financial planning

other services:

assistance with business names registrations, corporate secretarial matters etc.

We should point out that general advice given during the course of our audit work is part of our normal audit costs and the organisation should not expect any additional charges where this relates to our statutory audit obligations.

Other requests of a substantial nature will be clarified for the anticipated time taken so there is no misunderstanding of other professional service fees. These would be charged at our standard hourly rates.

Audit proposal

client service team

The firm's audit division is managed by a dedicated team of staff. The following are the senior staff who will be involved in the engagement.

Name	Matthew Hung		
Current Position	Audit Director		
Education and Qualifications	Chartered Accountant Bachelor of Commerce Registered Company Auditor Registered SMSF Auditor		
Business Expertise	<p>I have over 17 years' experience in auditing and consulting to not for profit organisations. Over this time I have accumulated in depth experience with a variety of industries including Churches, Missions, Community Not for Profits, registered training organisations, professional membership organisations, schools and nursing homes.</p> <p>My mission is to help my clients through the audit process and look for ways to add value through what we do as auditors.</p>		
Specialties, Experience, Abilities	<p>In addition to audits I have assisted clients with the following</p> <ul style="list-style-type: none">✓ Review of internal controls and procedures✓ Suggested improvements to controls✓ Setup of DGR funds✓ Advice in relation to charity setup✓ Assisted boards with solvency✓ Software recommendation✓ Software implementation✓ Taxation advice		
Not-for-profit interests	<p>Serving as a director of church denomination property trust and treasurer of my own local church.</p>		

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Name	Claire Harris
Current Position	Senior Manager
Education	Chartered Accountant Bachelor of Commerce/Arts
Business Expertise	I am a Chartered Accountant who is passionate about working with not-for-profits.



My mission is to support my clients to more effectively achieve their purposes with the limited resources that they have. I am also an auditor and recognise the need to be accountable to the many that contribute time, money and energy to keep these organisations going.

Specialties, Experience, Abilities	The last seven years has been a period of unprecedented change for the not-for-profits sector. The changes have prompted me to specialise in the sector to keep our clients fully informed of developments in areas like the audit and accounting standards, state and federal legislation. I am also an active member of the not-for-profits discussion group of the Chartered Accountants Australia New Zealand.
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In addition to audits I have assisted clients with the following

- ✓ Accounting standard advice and training
- ✓ GST advice, including not-for-profit concessions
- ✓ Assistance with fundraising legislation and reporting
- ✓ Assistance with charity establishment and registration
- ✓ Fringe benefit advice
- ✓ Suggested improvements to controls
- ✓ Assistance with ATO audits
- ✓ Due diligence engagements for mergers and acquisitions
- ✓ Taxation advice

Not-for-profit interests	Served as a director and consultant for various not-for-profit organisation with interests in the humanitarian, church and para church organisations.
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I have worked in West Africa and have a heart for work amongst the world's most disadvantaged.

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our expectations of the organisation

We will have the following expectations of the organisation and its personnel during the audit process:

During audit planning

- be available for a planning meeting with the audit manager
- provide draft financials or management accounts
- attend to matters such as sending out bank confirmations
- provide access to minutes
- communicate specific deadlines such as the AGM

During the audit visit

- provide a final trial balance, all end of year adjustments processed
- relevant personnel be available to answer questions and find documentation
- provide completed reconciliations or similar supporting documentation for all balance sheet items
- provide completed statutory records
- make available all information as requested
- provide an organised filing system with adequate audit trail

After the audit visit

- attend promptly to any outstanding queries
- provide signed financial statements and management representation letter
- review our draft management letter
- respond to our final management letter

We expect that all of our requests will be addressed in a timely manner so that we can, in turn, meet your own expectations.

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fee quote

Based upon our anticipated scope of work required for the audit, our professional fees are outlined below for the 2019 audit. As previously indicated, the Directors at rdl.accountants have a strong commitment to the Christian Mission sector of our practice and so all fees will attract our Christian mission discount of 25%.

Audit	Fee	Less Discount	Total Fee Excluding GST
Audit of Financial Statements	\$5,800	(\$1,450)	\$4,350
Preparation of financial Statements (Optional)	\$1,200	(\$300)	\$900

In any new engagement there will be familiarisation and transition time which is not charged to you. Our normal payment terms are 14 days from receipt of the invoice.

Out of pocket expenses we believe should be minimal and primarily include travel in line with ATO rates for cents per kilometre or public transport tickets, which we anticipate would not exceed \$100 including GST

Our fees for succeeding years should be linked to Consumer Price Index (CPI) increases, with possible increases due to specific changes required to our normal audit scope, which would be discussed with you.

conclusion

Our record of service to the commercial and the not-for-profit sectors demonstrates that our firm and specifically those who will be involved in the audit, have the experience, resources and qualifications to provide the organisation with the audit, and as the need arises other professional services which it requires.

We believe that we can deliver the best audit services, working with the organisation staff and stakeholders to assist in the continued growth and success of the organisation and its objectives.

Yours faithfully



Matthew Hung
rdl.accountants
Audit Director

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appendix 1: letter of engagement - audit

[Date]

St Margaret's Anglican Church Eltham
79-81 Pitt Street
ELTHAM VIC 3095

Dear Church Wardens

This letter is to confirm our understanding of the terms of our audit engagement.

Scope

You have requested that we audit the financial statements of the organisation as of and for the year ending 30 September 2019. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be with the objective of expressing an opinion as to whether the Financial Statements are presented fairly in accordance with Note 1 to the financial statements and other mandatory professional reporting requirements.

Responsibilities of the Auditor

We will conduct our audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures will include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures will be undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the organisation's financial position, the results of its operations and its cash flows.

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

You should not assume that any matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities.

Responsibilities of Management

We remind you that the responsibility for the preparation of the financial statements, including adequate disclosure, is that of the governing body of the organisation. This includes the maintenance of adequate accounting records and internal control structure, the selection and application of accounting policies, and the safeguarding of the assets of the organisation. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

If requested, we are able assist in the preparation of the financial statements of the organisation to ensure that it is in accordance with accounting policies described in Note 1 to the financial statements.

Quality Control

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the quality control review program of The Institute of Chartered Accountants in Australia which monitors compliance with professional standards by its members. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

Assumptions

In preparing our fee proposal, we have made the following assumptions:

- 1 a complete and accurate trial balance is prepared;
- 2 reconciliations are prepared for all the Balance Sheet items, including explanations and supporting documentation for any reconciling differences. Detailed accounting sub ledgers, such as receivables, inventories, property, plant and equipment and payables must reconcile to their respective general ledger control accounts;
- 3 a comparison of Income Statement items to the prior year is prepared accompanied by explanations of major movements. This comparison will form the basis of an analytical review and should include a comparison to prior year actuals and current year budget;
- 4 staff are available to resolve issues or questions arising from the audit on a timely basis;

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- 5 the accounting records and filing system have been kept up to date and are organised to provide an adequate audit trail;
- 6 the statutory records are complete and up to date.

We reserve the right to amend our fee should we find that more work involved is more because these assumptions are not met.

Fees

We look forward to full co-operation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit. Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

We will provide one detailed review of the financials with our changes, and a further review to ensure the changes have been made correctly. Reviews of any further changes will attract an additional cost, which will be charged at applicable rates.

Standard Terms and Conditions of Engagement

The attached Standard Terms and Conditions of Engagement will apply to services to be provided to you.

Other

We look forward to full co-operation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit.

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial statements.

Yours faithfully,
rdl.accountants



Matthew Hung
Audit Director

Acknowledged on behalf of St Margaret's
Anglican Church Eltham.

Name:

Title:

Date:

Audit proposal

appendix 2: standard terms and conditions

engagement

1.1 Our letter of engagement to you with respect to each matter in which you request our services (Engagement Letter) and these standard terms and conditions of rdl.accountants Pty Ltd and any of its practice entities, partners, directors and employees (collectively referred to as "RDL") including any written variation (together called "this Agreement") will apply to the work to be performed for you (the Client) as described in the Engagement Letter (the "Services").

1.2 This Agreement constitutes the entire agreement between RDL and the Client. Where there is any inconsistency between the Engagement Letter and these terms, the Engagement Letter will prevail.

1.3 The Client acknowledges that RDL is engaged under this Agreement as an independent contractor. No person has been authorised to give any representations on behalf of RDL except as set out in the Agreement and any such representations, which have been or may be given cannot be relied upon and are void.

1.4 In the event that any of the terms of this Agreement are or become invalid, illegal or unenforceable, the remainder survive unaffected.

1.5 The offer contained in the Engagement Letter must be accepted by the Client in writing. Notwithstanding, we will treat the terms of the Agreement as accepted by you if you continue to request or use our services.

client obligations

2.1 The Client agrees to pay for the Services described in the Engagement Letter.

2.2 The Client will provide promptly to RDL all reasonable and necessary assistance, including access to all information which RDL considers to be relevant to the provision of the Services, so as to enable RDL to provide the Services. The Client must update information provided by it to RDL where there has been a material change to that information which affects the scope or performance by RDL of the Services.

unavoidable delays

3.1 RDL is not liable for any failure or delay in providing the Services if caused, or contributed to, by an act or event (including the non-performance of the Client's obligations) that is beyond the control of RDL or was not foreseen at the time of entering into this Agreement. RDL will advise the Client of the delay and cause. RDL is entitled to review its fees where such delays occur.

specified engagement personnel

4.1 The Client will not offer employment to any RDL partner or employee providing the services ("Personnel"), induce or solicit any Personnel to take up employment with the Client; or use the services of Personnel, either independently or via a third party, during and for a period of six months following the end of the provision of the services to the client, without RDL's prior consent.

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use of reports and advice

5.1 All communications by RDL with the Client, its employees or agents, whether written or oral are provided solely for the use of the Client in connection with this Agreement, and must not, without RDL's prior written consent be used for any other purpose or referred to in any document or made available to any other person (except the Client's legal advisors or other professional advisors assisting in matters related to this Agreement). No other party is entitled to rely on RDL's reports or advice for any purpose whatsoever. RDL disclaims any responsibility to any such third party who has had communicated to them the report or advice provided by RDL to the Client under this Agreement.

5.2 By entering into this Agreement you consent to us communicating with you electronically. If any report or correspondence containing opinions or advice is sent electronically, RDL will not be responsible for any unauthorised copying, interception, interference or delivery failure of the transmission. RDL also does not warrant that the electronic transmission is virus free or will not harm the Client's computer systems.

5.3 Written advice and final reports take precedence over any oral advice and interim reports and no reliance should be placed by the Client on any such oral advice or interim reports. RDL is not responsible for updating any opinions, advice or reports subsequent to the issue of a final version.

professional fees and payment terms

6.1 Unless otherwise specifically agreed, RDL's fees will be based on hourly rates which take account of the level of personnel assigned to the engagement. If an estimate of fees has been provided by RDL to the Client, RDL will advise the Client if it considers the estimate is likely to be exceeded.

6.2 The Client agrees to pay any tax or other charge imposed on RDL (now or in the future) in relation to any transactions arising in connection with, or as an outcome of, this Agreement. This includes (but is not limited to) any goods and service tax ("GST") imposed under the Goods and Service Tax Act 1999 (Commonwealth) as amended. Any fees charged by RDL under this Agreement will be initially calculated exclusive of GST. Where GST is payable on any supply provided under this Agreement, the Client agrees that the fee payable for this supply will be increased by an amount equivalent to the GST payable by RDL in respect of that supply.

6.3 If either RDL or the Client terminate this Agreement, for the reasons set out in the Engagement Letter or for any other reason that justifies termination, RDL is entitled to its fees incurred up to the termination date.

6.4 Disbursements paid or incurred by RDL on behalf of the client are separate to RDL's professional fees. Disbursements include photocopying, telephone calls, couriers, facsimiles, travel fares and desktop publishing services. For travel disbursements, RDL'S standard policies apply which are to use economy class within Australia for flights and business class or equivalent for overseas air travel. All disbursements will be charged at cost and itemised in RDL invoices.

6.5 RDL will issue invoices monthly or once significant amounts of time have been incurred. Except where the Engagement Letter states otherwise invoices are payable within 14 days of receipt. RDL reserves the right to charge interest on overdue amounts at an annual rate of 2 per cent over the Reserve Bank of Australia base rate ruling on the date payment is due.

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confidentiality and privacy

7.1 RDL may wish to obtain publicity for work undertaken on behalf of its clients. Permission to attribute work for the Client publicly will always be obtained in advance. Notwithstanding this condition, RDL assumes the right to use references in proposals or other similar submissions made to other prospective clients, unless the Client expressly prohibits such disclosure.

7.2 Unless otherwise agreed, RDL is authorised by the Client to communicate or meet with any other person whom it may need to contact to perform the Services or who the Client requests RDL to contact.

7.3 Without the Client's consent, the persons from RDL referred to in the Engagement Letter will not carry out any work on behalf of any other client relating to the subject matter of the Engagement Letter, nor disclose to any other individuals within RDL engaged on work for any other client relating to the subject matter of the Engagement Letter any confidential information.

7.4 Save as set out above or as required by law, Court or arbitration proceedings, regulations including those made under the Corporations Act, professional duty, or as is requested by regulatory authorities, or as is necessary to protect its own legitimate interests, RDL will not disclose any confidential information relating to the Client which it obtains during the course of the this Agreement to any other person (except its own advisors).

7.5 Under the Privacy Act, RDL is required to advise the Client that we collect information about the Client to assist it in performing and promoting the Services. Generally, this information is collected through the communications RDL has with the Client, but may also be obtained through other sources in the course of providing the Services. RDL takes reasonable measures to ensure such information is accurate and held securely. RDL will not disclose information about the Client to any person except in the course of providing the Services or for the ordinary administration of RDL's business unless permitted or authorised to do so under the privacy Act or other applicable law. The Client can request access to, or correction of, information held by RDL about the Client or inform RDL that it does not wish to receive promotional material from RDL, by making a written request to the RDL Practice Manager whose details can be found at www.rdlaccountants.com.au. RDL's complete Privacy Policy can be found at www.rdlaccountants.com.au.

7.6 In carrying out the Services it may be necessary for RDL to obtain from the Client's records personal and sensitive information about employees of the Client or of other persons connected with the Client's business as otherwise RDL may not be able to provide the Services requested. The Client acknowledges that necessity and must make those persons aware that RDL has this information and the reasons for its collection and possible disclosure to Government or other body in providing the Services. The Client declares that it is authorised to release such information to RDL. This authority is given on the understanding that RDL will only deal with that information in accordance with its Privacy Policy and the National Privacy Principles under the Privacy Act.

conflict of interest

8.1 Before entering this Agreement RDL will attempt to ensure that it does not create a conflict of interest or that if it does, proper steps (acceptable to the Client and permitted by law) are taken to manage the conflict.

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8.2 RDL cannot always identify conflicts because clients frequently trade through subsidiaries or branches whose names are not known to RDL. The Client agrees to provide RDL with any names used by it or names associated companies, to be included in RDL's conflict checking procedures. If you become aware, during the course of a matter that your interests are or may become opposed to those of another person or entity, you should advise us immediately.

8.3 If a conflict of interest does arise during the term of this Agreement, the engagement partner or RDL Practice Manager will discuss it with the Client and with the other party to the conflict to attempt to achieve a prompt and satisfactory resolution. The Client's details will be kept confidential during those discussions unless otherwise agreed.

copyright and intellectual property

9.1 Unless otherwise agreed, RDL retains copyright in all material provided to the Client or otherwise generated in connection with this Agreement.

9.2 The Client must keep confidential any methodologies and technology used by RDL in connection with this Agreement.

retention of files

10.1 RDL reserves the right to keep the Client's files and documents if there is money owing by the Client to RDL for professional fees or disbursements, even if this Agreement is terminated by RDL.

10.2 The Client authorises RDL to destroy its files in connection with this Agreement after a period of 7 years from the date RDL provides the Client with a final invoice under this Agreement. RDL accepts no liability in the event of earlier loss of stored files or documents although reasonable care will be taken to avoid loss.

limitation of liability

11.1 To the extent that the Professional Standards Act 2008 (VIC) ("PSA") and the Accountants Scheme approved under the Act are applicable, in the event a liability for damages exceeding \$1,000,000 arises under this Agreement, the liability of RDL, its partners and employees is limited to:

(a) \$1,000,000 (where a multiple of 10 times reasonable charge for the services RDL provides to the Client is less than \$1,000,000); or

(b) 10 times the reasonable charge for the services RDL provides to the Client (where a multiple of 10 times the reasonable charge of those services is more than \$1,000,000), to a maximum of \$20 million under the Professional Standards Act 2008 (VIC) ("PSA") and the Accountants' Scheme approved under that Act.

If the Client requires further information or a copy of the Act or Scheme, please contact RDL.

11.2 To the extent permitted by law, where the PSA and the Accountants Scheme do not apply, the Client agrees that RDL's liability, including without limitation liability for negligence, to the Client in respect of all causes of action arising in connection with the provision of the services under this engagement, shall be limited to the sum which would be payable if the PSA and the Accountants Scheme did apply.

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11.3 Subject to the aggregate limit of liability specified in clauses 12.1 and 12.2 above, and the Agreement generally the liability of RDL under this Agreement is limited to that proportion of the total direct and indirect loss and damage (including costs and interest) that is attributable to the extent of responsibility of RDL for such loss and damage. The Client agrees that to the extent that any loss or damage suffered by the Client is attributable to fault, negligence or lack of care on the Client's part, or on the part of any person for whom the Client is responsible (including other advisors to the Client), RDL and its partners and employees have no liability (in tort, contract or otherwise) for such loss or damage. For the purposes of the application of any legislation relating to apportionment of liability, any claim or action taken by the Client against RDL under this Agreement shall be deemed to be an appropriate claim.

11.4 Where the Engagement Letter is addressed to more than one person or entity ("the Addressees"), the limit of liability specified above applies to the services performed by RDL and will have to be allocated between the Addressees. It is agreed that such allocation will be entirely a matter for the Addressees, who are under no obligation to inform RDL of it, provided always that if (for whatever reason) no such allocation is agreed, no Addressee may dispute the validity, enforceability or operation of the limit of liability on the ground that no such allocation was agreed.

11.5 Nothing in this clause excludes, restricts or modifies the application of any provisions of the Trade Practices Act 1974 ("the Act"). In the event that RDL is in breach of an implied warranty under section 74 of the Act for Services of a kind ordinarily acquired for personal, domestic or household use or consumption, RDL may, in its absolute discretion, limit its liability to either resupplying the Services without charge to the Client or to pay the Client the cost of having the Services performed again.

indemnities

12.1 To the extent permitted by law the Client agrees to indemnify RDL and its partners and employees against all losses, liabilities, claims, costs or expenses incurred by RDL in respect of any claim or action by a third party in connection with the provision of the Services. This indemnity does not apply to any liabilities, costs or expenses incurred in defending a claim by a third party which results from any wilful misconduct by RDL or its partners and employees, except when the Client is in breach of clause 5.1.

12.2 RDL is not liable for any losses, damages, costs or expenses arising out of errors due to the provision to it of false, misleading or incomplete information or documentation or due to any acts or omissions of any other person. The Client indemnifies RDL from any liability it may have to the Client or any third party as a result of any information supplied to RDL by the Client or any of its agents, where such information and documentation is false, misleading or incomplete in a material respect.

ending the agreement

13.1 To the extent permitted by law, the Client may end this Agreement at any time by requesting RDL in writing to cease acting. All fees and disbursements incurred prior to the date of termination are immediately due and payable together with any related GST.

13.2 RDL has a right to end this Agreement and cease acting for the Client or suspend its Services if the Client does not pay its invoices as agreed, if in RDL's view the necessary relationship of confidence

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no longer exists between the parties, or if RDL thinks it appropriate, having regard to the professional conduct rules and ethical standards under which it practices.

complaint procedures

14.1 It is RDL's aim to obtain, either formally or informally, a regular assessment of RDL's performance and your client service partner will always be pleased to hear any suggestions as to how our service can be improved. If you wish to make a complaint, please call or write to the RDL Managing Partner. If you are dissatisfied with the way your complaint is handled, you can report the matter to the Institute of Chartered Accountants in Australia or CPA Australia.

governing law and jurisdiction

15.1 The Agreement is governed and construed in accordance with the law of Victoria. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the Courts of Victoria for determining any disputes or proceedings arising out of or in connection with this Agreement.

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appendix 3: independence checklist

Name of client:	
Name of employee:	
Year end:	30 September 2019

Yes	No	
<input type="checkbox"/>	<input type="checkbox"/>	Do you have a direct or indirect material financial interest in client or its subsidiaries/affiliates?
<input type="checkbox"/>	<input type="checkbox"/>	Do you have a financial interest in any major competitors, investors in or affiliates of the client?
<input type="checkbox"/>	<input type="checkbox"/>	Do you have any outside business relationship with the client or an officer, director or principal shareholder having the objective of financial gain?
<input type="checkbox"/>	<input type="checkbox"/>	Do you owe the client any amount (except as a normal customer, or in respect of a home loan under normal lending conditions)?
<input type="checkbox"/>	<input type="checkbox"/>	Do you have the authority to sign cheques for the client?
<input type="checkbox"/>	<input type="checkbox"/>	Are you connected with the client as a promoter, underwriter or voting trustee, director, officer or in any capacity equivalent to a member of management or an employee?
<input type="checkbox"/>	<input type="checkbox"/>	Do you serve as a director, trustee, officer or employee of the client?
<input type="checkbox"/>	<input type="checkbox"/>	Has your spouse or dependent child been employed by the client?
<input type="checkbox"/>	<input type="checkbox"/>	Has anyone in your family been employed in any managerial position by the client?
<input type="checkbox"/>	<input type="checkbox"/>	Are any billings delinquent (high WIP) for the client that are your responsibility?

If you answered **Yes** to any of these questions, you must detail the reason for this threat to independence on the independence resolution memorandum, together with an explanation of how the threat to independence has been eliminated or reduced to an acceptable level.

I have read the independence policy of the firm, and APES 110 *Code of Ethics for Professional Accountants*, and I believe I understand them. I am in compliance except for the matters listed on the independence resolution memorandum.

Name:	
Signature:	Date:

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appendix 4: independence resolution memorandum

Independence issue relates to:

Date of inquiry:	
Client:	
Employee/partner:	

Please describe the issue and the potential threat to independence:

Sources/persons consulted (attach copy of applicable material):

What are the findings?

How is the threat to be eliminated or reduced to an acceptable level?

Resolved by:	Date:
Resolution acknowledged by employee:	Date: