

# ROYAL SOUTH AUSTRALIAN YACHT SQUADRON

161 Oliver Rogers Road, Outer Harbor SA 5018  
PO Box 1066, North Haven SA 5018  
Telephone (08) 8341 8600 Fax (08) 8248 4933  
Web [www.rsays.com.au](http://www.rsays.com.au) Email [rsays@rsays.com.au](mailto:rsays@rsays.com.au)  
Australian Business Number 32 040 814 583



## Scope of External Audit - Audit Specification

July 2016

### 1. Background and The Objectives of the Audit

Royal South Australian Yacht Squadron is one of the country's oldest and most prestigious yachting and boating clubs with over 1000 active members & clients.

RSAYS has a long and illustrious history in the South Australian yachting scene dating back to its founding in 1869 and continues to play a significant role in South Australian sporting and wider community life.

Sitting on and around a totally sheltered basin just inside the mouth of the Port River at Adelaide's Outer Harbor, the Squadron boasts a fully-serviced marina with slipping, fuel berth and storage facilities.

The Squadron has a strong heritage in keelboat racing, conducting midweek twilight racing in the summer and weekend races throughout the entire year.

Facilities for members, their guests and families are magnificent, with our beautiful and historic clubhouse having recently undergone a spectacular internal modernisation while retaining its exterior charm.

The clubhouse boasts full dining and bar facilities and a very popular outdoor Quarterdeck overlooking the picturesque marina. As well as providing a haven for members it is also one of the area's premier function venues.

The objective of club's audit is to provide an independent audit opinion of the accounts and annual financial reports of the club's two entities, *Royal South Australian Yacht Squadron Inc.* and *RSAYS Ltd.* for each financial year covered by the term of the audit appointment. The audit must meet both statutory requirements and Australian audit standards.

### 2. Term of Audit Appointment

RSAYS is seeking to make an appointment for a period of 3 years commencing 1 May 2016 through to 30 April 2019.

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## 3. Scope of the Audit

The auditor is to: –

- 3.1 carry out such work as is necessary to form an opinion as to whether:
- (a) the accounts are properly kept; and
  - (b) produce the annual financial statements:
    - (i) that are prepared in accordance with the financial records; and
    - (ii) represent fairly the results of the operations and cash flows for the financial year and the financial position of the club at 30 April in accordance with the Australian Accounting Standards, the relevant company or incorporated body Acts, and other mandatory professional reporting requirements.
- 3.2 include in his or her audit report any matters identified during the normal audit procedures such as: –
- (a) any significant adverse trends in the financial position or the financial management practices of the club;
  - (b) any material irregularities in the club's accounting practices or in the management of the club's financial affairs identified during the course of the audit;
  - (c) any weaknesses in the internal controls in operation;

## 4. Audit Methodology and Approach

- 4.1 The auditor is required to comply with the requirements of the Corporations Act 2001 and Associations Incorporations Act 1985.
- 4.2 An audit is to be carried out in accordance with "Australian Auditing Standards" and "Australian Accounting Standards" adopted from time to time by the Chartered Accountants Australia and New Zealand.
- 4.3 The auditor is to provide the club with a general outline of his or her methodology. This may include the proposed analysis and review of internal controls and the extent to which these controls lead to reliance on the club's administration and financial systems to produce accurate reports.
- 4.4 The auditor is to provide the club with a plan for the audit including:
- (a) timing of audit visits;
  - (b) the method to be used to communicate with, and provide advice and information to, the club.
- 4.5 The auditor is required to produce the annual reports and audit report as required by the clubs constitution and a report on particular matters arising from the audit.

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## 5. Critical Matters to be Audited

The club is of the view that the following matters are important to the proper maintenance and reporting of its financial accounts. The auditor should include in his or her proposal the extent to which the matters outlined below will be examined in the course of forming his or her independent audit opinion of the accounts and annual financial reports of the club.

### 5.1 Governance and Control

- (a) Roles and Responsibilities
- (b) Delegated Authorities
- (c) Board/Committee Minutes and Directions
- (d) Strategic/Business/Risk Planning
- (e) Asset Management
- (f) Internal Controls

### 5.2 Financial Accounting and Reporting

- (a) Income
  - Main revenue streams
  - Committee revenue
  - Other income
- (b) Expenses
  - Salary and wages costs
  - Depreciation
  - Maintenance expenditure
  - Insurances
  - Bad debts
  - Other expenses
- (c) Current Assets
  - Cash at bank and short term investments
  - Receivables and prepayments
  - Inventory
- (d) Non-Current Assets
  - Property, plant and equipment
  - Infrastructure and accumulated depreciation thereon
  - Other receivables
- (e) Liabilities (current and non-current)
  - Creditors and accruals
  - Provisions for employee entitlements
- (f) Other
  - Statement of changes in equity
  - Disclosure of contingent liabilities
  - Disclosure of capital commitments
  - Accounting policies and notes to the financial statements
  - Statement of cash flow

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## 6. Hours, Fees and Expenditure

The auditor is to provide the following detail:

- (a) an estimate of the hours to be spent on the audit;
- (b) fees for completing the audit in accordance with this specification which are to be quoted exclusive of GST;
- (c) the nominated auditor and registered company audit number; and,
- (d) the experience of the nominated auditor in completing large club audits.

## 7. Terms and Conditions

The following conditions should be noted by auditors:

- (a) The auditor shall not sub-contract to a third party without the clubs approval.
- (b) The auditor shall not, and has no right to, assign the contract to third parties.
- (c) The auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission of at least \$5million in aggregate with a two year run-off, plus public liability insurance to a minimum of \$10million.

## 8. Termination of Appointment

The appointment as auditor is terminated if:

- (a) the auditor (being a natural person) dies;
- (b) the auditor ceases to be a registered company auditor;
- (c) the auditor otherwise ceases to be eligible for appointment as auditor;
- (d) the auditor resigns by notice in writing to the club;
- (e) the club serves notice in writing to the auditor terminating the appointment for reasonable cause;
- (f) the term of the appointment expires.

## 9. Auditor Independence

The auditor is required, annually, to provide a declaration that he/she is independent of the club and nothing has transpired that would compromise his or her independence during the conduct of the audit.

## 10. Contact

A copy of last year's financial reports can be obtained, upon request, from the club. Requests for further information or any queries can be addressed with the RSAYS Treasurer, Ian McDonald on 0419 620 906

Rae Hunt  
RSAYS Commodore

Andrew McDowell  
RSAYS General Manager