

17 March 2010

19 MAR 2010

The Directors
Construction and Property Services Industry Skills Council Limited
PO Box 151
BELCONNEN ACT 2616

Dear Members of the Board,

Audit for the year ended 30 June 2009

We thank you for the opportunity of performing the audit of the financial statements of Construction and Property Services Industry Skills Council Limited for the year ended 30 June 2009. No issues of audit significance were noted during the course of the audit and an unqualified audit opinion was issued.

We now detail the following observation as a service to management. The responsibility for the implementation and maintenance of an effective internal control system rests with management. We reviewed only those systems and controls that we wished to place reliance upon in the performance of our audit and therefore our work did not include a comprehensive review of all the financial and operational procedures and controls within the Company. The following comments should not therefore be regarded as a comprehensive statement of all matters that may exist.

1. Financial Liquidity (Working Capital)

The ability of the Company to pay its debts as and when they fall due is indicated by its working capital as follows:

	2009 \$	2008 \$	2007 \$
Current Assets	3,930,156	3,469,469	1,290,686
Current Liabilities	<u>3,002,685</u>	<u>2,873,426</u>	<u>887,041</u>
Working capital	\$ <u>927,471</u>	\$ <u>596,043</u>	\$ <u>403,645</u>
Working capital ratio (current assets ÷ current liabilities)	1.31:1	1.21:1	1.46:1

The above table shows that the Company is in a position to meet its current debts as and when they fall due with significant surplus funds to meet any unexpected expenditure or undertake further development of services.

2. Accounting for Goods and Services Tax (GST)

During our testing we noted one instance where GST was claimed and the tax invoice stated that there was no GST included. We note that the error appears isolated.

3. Prior Year Management Letter

We refer you to our prior year management letters that raised some comments on the controls over electronic payments. The electronic payments are performed by two people but payments can be authorised by just one person. We recognise that management have reviewed the processes and are satisfied that they are adequate given the size and nature of the entity. We remind management of the need to monitor payments and business results to ensure that all payments continue to be valid.

4. Unadjusted Errors

We are required by the auditing standards to advise the Board of potential errors and misstatements that we noted during the course of the audit that remain unadjusted.

An amount of \$18,650 remained unadjusted as at 30 June 2009 related to a long outstanding invoice. We are advised that the amount has been received after the signing of the audit report.

This potential error was left unadjusted based on materiality.

We reiterate that the above observation arose during the course of our audit that was designed primarily to enable us to form an opinion on the financial statements as a whole. Our report cannot be expected to include all possible comments and recommendations, which a more extensive examination might indicate. We should add that this report has been prepared solely for the members and management.

We take this opportunity to thank your staff for their assistance and courtesy during our audit. Please do not hesitate to contact me if you have any queries on the above matters.

As a corporate governance procedure we request that this post audit letter be tabled at the next Board meeting of the Company and we would appreciate any comments that the Board may wish to make in respect of our audit or our observations.

Yours faithfully

Rod Scott
Partner