

30 October 2007

Mandurah Home and Community Care (Inc)
PO Box 968
MANDURAH WA 6210

Dear Chairperson and Members

RE: AUDIT OF FINANCIAL RECORDS FOR THE YEAR ENDED 30 JUNE 2007

I am pleased to enclose the audited financial statements of the organisation. I am required to issue a management letter in respect of my findings, in addition to the opinion expressed in the audit certification.

Since last year, a number of initiatives have been put into effect to reduce the cost of staffing, reduce rent expenses and operate fewer programs in line with a debt reduction budget that is monitored on a daily basis.

The budgets and performance against them so far this year have demonstrated that the extra one off costs associated with paying out staff accruals, moving offices twice have produced the level of operational deficit that the budget had forecast, and so the operational loss of an overall \$33,826 was expected.

The additional change in equity this year was brought about by the removal of a donated motor vehicle, that had been added to the books of account, but as it has transpired, the vehicle was on loan to the organisation and not a donation as originally recorded. The lack of a corresponding liability for the vehicle's ultimate return to the Supplier has required that the disposal of the vehicle is best dealt with as a charge against the organisation equity.

There is every likelihood that with the present budgetary controls now in place and proving to be as effective as planned for, will enable the organisation to restore the overspend of HACC grant money to a balanced position in accordance with the funding body's requirements.

I am aware that the Health Department requires reporting to be on an accruals basis, which will certainly be a benefit in monitoring progress against budgets.

I hope this letter provides helpful information to keep progressing in the management of the organisation.

Yours sincerely

Steve Williams
Director – Dixon Road Accounting Pty Ltd
Auditor