

# Pacific Immigration Development Community



## MANAGEMENT LETTER

4 February 2020

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Secretariat and is not intended and is not to be used by anyone other than these specified parties.

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25 October 2021

Ms Kairangi Samuela  
Chairperson  
Pacific Immigration Development Community

Dear Ms Samuela,

During the course of our audit of the financial statements of *Pacific Immigration Development Community (the Secretariat)* for the year ended 30 June 2021, we observed the *Secretariat's* significant accounting policies and procedures and certain business, financial and administrative practices.

In planning and performing our audit of the financial statements of the *Secretariat* as of and for the year ended 30 June 2021, in accordance with International Standards on Auditing (ISAs), we considered the *Secretariat's* internal control relevant to the preparation of the financial statements (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the *Secretariat's* internal control. Accordingly, we do not express an opinion on the effectiveness of the *Secretariat's* internal control. The matters being reported are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to those charged with governance.

Category	Definition
Deficiency	A <b>deficiency</b> in internal control exists when: (a) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or (b) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.
Significant deficiency	A <b>significant deficiency</b> in internal control is defined as a deficiency or a combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the previous paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies. Had we had performed more extensive procedures on internal control, we may have identified more deficiencies to be reported, or concluded that some of the reported deficiencies need not, in fact, have been reported.

### Significant deficiencies in internal control

We did not identify any deficiencies in internal control that we consider to be significant deficiencies, as defined above.

### Other deficiencies in internal control

We did not identify any other deficiencies in internal control.

### Other matters

We note that some assets which were expensed in previous years due to the values being below the capitalization policy were inadvertently registered as an asset in the fixed assets register module of Xero. These assets (primarily computer and computer related equipment) were initially recorded at the time of acquisition as a fixed asset (and coded to the respective general ledger asset account) and sat inside the 'draft' area of the fixed assets register.

Upon realizing that it should have been expensed rather than recognized as an asset, the transactions were re-coded from fixed assets general ledger to expense. Unfortunately, the re-coding of the transaction does not remove it from the 'draft' area of the fixed asset register module.

Inadvertently, the transactions already sitting in 'draft' form in the fixed assets register module, were then confirmed as registered and formally transferred to the fixed assets register. This then initiated the process whereby the assets were subject to annual depreciation.

Therefore, because of the above events, total net assets written down value per the fixed asset register (FAR) is higher than the general ledger (GL) net assets written down value by \$14,692 tala. The fixed asset register balance shows an amount of \$100,350 tala whereas the general ledger balance shows an amount of \$84,609 tala. The net assets written down value in the general ledger is the correct amount.

The fixed assets register is a subsidiary record that has the details of each asset. Management is currently reviewing how to correct the fixed asset register details to ensure that it agrees to the general ledger. Because of the automatic integration of the fixed assets register module on Xero with the general ledger, management is evaluating the available options to align the two records going forward.

### General

This communication is intended solely for the information and use of management *and those charged with governance* within the organisation and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the *Secretariat's* financial statements.

Yours sincerely

**BDO**  
Chartered Accountants



**Ernest Betham**  
Partner

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Statistics as of and for the year ended 30-9-2019.

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