



## GUIDELINE - ACQUITTAL AND AUDIT REQUIREMENTS FOR GRANTS

### 1. Background

The standard Grant Agreement between GDC and Grantees requires Grantees to provide an Acquittal Report by the due date.

Schedule 2 of the Grant Agreement sets out the Reporting Requirements which include the following acquittal and audit requirements:

#### **Grants of up to, and including, \$20,000 (Ex GST)**

- A statement of Income and Expenditure relating to the entire project must be signed by the Chairperson or Chief Executive Officer or Equivalent AND the Treasurer or Chief Finance Officer or equivalent.
- A copy of all invoices and payments that substantiate expenditure of grant funds must be provided.
- Clear detail that the grant funds were expended in accordance with the approved budget will be required. Where appropriate, a comparison of the approved budget to the actual budget detailing any major variations as approved by GDC must be supplied.
- The GDC reserves the right to request an audited financial statement for grant funding to be certified by an auditor appointed by GDC with costs to be borne by the Grantee.

#### **Grants of over \$20,000 (Ex GST)**

- Statement of Income and Expenditure relating to the entire project must be signed by the Chairperson or Chief Executive Officer or equivalent AND the Treasurer or Chief Finance Officer or equivalent, AND be certified by a professional auditor who is:
  - I. not an officer or employee of the Organisation; and
  - II. registered as a company auditor or equivalent under a law in force in Western Australia; or
  - III. a Member or Fellow of the Institute of Chartered Accountants, CPA Australia or the Institute of Public Accountants.
- Clear detail must be provided demonstrating that the Grant Funds were expended in accordance with the approved budget. Where appropriate, a comparison of the approved budget to the actual budget detailing any major variations as approved by GDC must be supplied.

“Acquittal” occurs when GDC has advised the Grantee that the reports and financial information provided by the Grantee are satisfactory.

## 2. Guidelines

### 2.1 Auditor

As per Clause 1 of the Grant Agreement, “Auditor” means an accountant who is a member of the Institute of Chartered Accountants in Australia (ICAA), CPA Australia or the Institute of Public Accountants (IPA) and who is independent from the Grantee.

Professional designations accepted are:

Organisation	Professional Designations
ICAA	Member (CA), Fellow (FCA)
CPA Australia	Member (CPA), Fellow (FCPA)
IPA	Member (MIPA), Fellow (FIPA)

### 2.2 Segmented Financial Statements

The audited Financial Statements are required to be for the Grant itself and not ‘whole-of-organisation’ financial statements. This is to ensure that the grant monies have been expended for the proper purpose in accordance with the Grant Agreement.

### 2.3 Format of Auditor’s Report

Professional standards prescribe the format of the Auditor’s Report. Generally, the Standards are consistent between the professional accounting bodies.

Generally, the Auditor’s Report should include:

- Grant and period being audited;
- Statement that the Grantee is responsible for the financial report;
- Statement of the Auditor’s responsibility;
- The audit has been conducted in full accordance with the Australian Auditing Standards;
- Declaration of independence by the Auditor;
- Auditor’s opinion;
- Any qualifications (exceptions) noted by the Auditor; and
- Statement by the Auditor that the funds have been expended in accordance with the Grant Agreement and the balance of any remaining funds (not mandatory per GDC’s Grant Agreement but is a better practice).

An example of a Best Practice standard of Auditor’s Report is provided in Appendix A.

## 2.4 Acceptance by GDC

As per Clause 3.6 (e) of the Grant Agreement, GDC reserves the right to evaluate the Acquittal Report to determine that it is satisfied with the contents reported therein.

If your Report differs materially/substantially from this best practice guide, it will result in further scrutiny and may delay acceptance of the Acquittal Report and any associated grant payment.

## APPENDIX A – EXAMPLE OF AUDITOR’S REPORT FORMAT AS PER AUSTRALIAN AUDITING STANDARDS

*(Audit Report must be printed on the Auditors company letterhead with relevant address and contract details)*

### INDEPENDENT AUDITOR’S REPORT

**[Appropriate Addressee]**

#### **Opinion**

We have audited the accompanying statement of grant income and expenditure of *(name of entity)*, for the *(financial year end date)*, a summary of significant accounting policies and other explanatory information and managements’ attestation statement which together makes “the financial statement”. The financial statement has been prepared by management using the *(cash or accruals)* basis of accounting described in Note *(x)* to the financial statements.

In our opinion, the financial statement presents fairly, in all material respects, the grant income and expenditure of the *(name of entity)* for the period ended *(reporting date)* in accordance with the *(cash or accruals)* basis of accounting described in Note *(x)*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the *(name of entity)*, in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note *(X)* to the financial statement, which describes the basis of accounting. The financial statement has been prepared for the purpose of fulfilling management’s financial reporting responsibilities under the *(applicable funding grant agreement clauses)*. As a result, the financial statement may not be suitable for other purposes.

Our report is intended solely for *(names of the grant agreement participants)* and should not be distributed to or used by parties other than *(names of the grant agreement participant)*.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the *(applicable funding grant agreement clauses)*, for

determining that (*cash or accruals*) basis of accounting is an acceptable basis in accordance with the grant agreement and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial statement.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 (*name of entity*)’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management (if any).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal Requirements**

In accordance with the audit requirements in the Grant Agreement, we also confirm that:

1. The funding of (*\$ amount*) received for the (*period*) has been (*expended to the extent of \$ amount / fully expended*) on the project in accordance with the purposes and conditions specified in the Grant Agreement.
2. The remaining accumulated balance of funds for the project being held in (*Grantee’s*) financial records at (*date*) amounted to (*\$ amount*).

(*signature of Auditor*)

(*name of Auditor and Professional Qualification*)

(*date of Audit Report*)