



## GUIDELINE - ACQUITTAL AND AUDIT REQUIREMENTS FOR GRANTS

### 1. Background

The standard Grant Agreement between GSDC 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 GSDC must be supplied.
- The GSDC reserves the right to request an audited financial statement for grant funding to be certified by an auditor appointed by GSDC 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
  - II. registered as a company auditor or equivalent under a law in force in Western Australia
  - III. a Member or Fellow of the Institute of Chartered Accountants, the Australian Society or Certified Practising Accountants or the National Institute of 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 GSDC must be supplied.

“Acquittal” occurs when GSDC 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), the Australian Society of Certified Practising Accountants (CPA Australia) or the National Institute of Accountant (now Institute of Public Accountants) (IPA) and who is independent from the Grantee.

Professional designations accepted are:

<b>Organisation</b>	<b>Professional Designations</b>
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;
- 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 GSDC’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 GSDC

As per Clause 3.6 (e) of the Grant Agreement, GSDC 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 A BEST PRACTICE AUDITOR'S REPORT

<Name of Grantor>  
<Address>

### **INDEPENDENT AUDITOR'S REPORT**

To the <Title of recipient>

### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of the <Project title>, which comprises the Income and Expenditure Statement as at <date of year end or of financial report> and the management certification statement.

### **The Responsibility of <Grantee> for the Financial Report**

The <Grantee> is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies are appropriate to meet the financial reporting requirements of the Grant Agreement. The <Grantee's> responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the <Grantee>, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the <Grantor> for the purpose of fulfilling the <Grantee's> financial reporting under the Grant Agreement. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the <Project title> as of <Date of year end or of financial report> and of its financial performance for the <year/period> then ended in accordance with generally accepted accounting principles.

### **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>.

<NAME OF AUDITOR AND PROFESSIONAL QUALIFICATION>

<DATE OF AUDIT REPORT>