

Building Better Regions Fund – Independent audit report

Email completed reports to bbrfreports@industry.gov.au

Background

All Building Better Regions Fund (BBRF) grant recipients enter into a grant agreement with the Commonwealth. Projects with total project costs over \$1 million applicants must provide an independently audited report. When an independent audit report is required the grant recipient must provide:

- a statement of grant income and expenditure against the expenditure categories under the grant agreement (attachment A)
- an independent audit report on the statement of grant income and expenditure (attachment B)
- certification of certain matters by the auditor (attachment C).

You can find additional information on BBRF at business.gov.au or by calling 13 28 46.

Eligible expenditure

Eligible expenditure for the purposes of BBRF is the spending of grant and co-funding on eligible activities as defined in the program guidelines and the specifics of the project as outlined in your grant agreement.

Advice on eligible expenditure for projects under the BBRF program can be found in the BBRF program guidelines. These guidelines are revised from time to time and therefore more than one version of the document may exist. For BBRF grant recipients, the relevant guidelines are those that were effective at the time the application was accepted.

It is essential that grant recipients and their auditors understand the BBRF eligible expenditure requirements because these determine whether, and the extent to which, certain costs are reportable and claimable.

The amount of grant funding we approve is based on the grant recipient's estimated eligible expenditure, as provided in their application. However, the grant funding any grant recipient is ultimately entitled to receive is determined against actual eligible expenditure incurred and paid for on the project. The grant amount specified in the grant agreement is the **maximum** amount the grant recipient may be paid.

The expenditure reported in the 'statement of grant income and expenditure' at attachment A must represent actual 'eligible expenditure' paid on the project during that period.

Attachment A – Statement of grant income and expenditure

Building Better Regions Fund

Project number	
Grant recipient	
Project title	
Reporting period start date	
Reporting period end date	

This statement of grant income and expenditure must be prepared by the grant recipient and contain the following:

- Statement of funds, grant recipient contributions and other financial assistance*
- Statement of eligible expenditure*
- Notes to the statement of eligible expenditure, explaining the basis of compilation
- Certification by directors of the grant recipient

*We will compare this information to that detailed in the grant agreement.

1. Statement of funds, grant recipient contributions and other financial assistance

Complete the following table for all cash [and in-kind] contributions for your project for the period in question, including:

- the BBRF grant
- other government funding
- your own contributions
- partner or other third party contributions
- any additional private sector funding.

Insert rows as required.

Contributor	Cash amount (GST excl)	Estimated in-kind amount (GST excl)	Total (GST excl)
BBRF grant	\$[enter amount]	\$[enter amount]	\$[enter amount]
Grant recipient	\$[enter amount]	\$[enter amount]	\$[enter amount]
[enter contributor]	\$[enter amount]	\$[enter amount]	\$[enter amount]
[enter contributor]	\$[enter amount]	\$[enter amount]	\$[enter amount]
Total	\$[enter amount]	\$[enter amount]	\$[enter amount]

2. Statement of eligible expenditure

You must provide detail of the eligible expenditure that has been incurred and paid for during the reporting period in the 'Statement of eligible expenditure' spreadsheet.

Comment on any variance between the expenditure items and amounts detailed in the grant agreement and the actual items and amounts detailed in the attached statement of eligible expenditure.

Description	FY 2017-18	FY 2018-19	FY 2019-20	Total
Purchase of materials	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]
External labour hire	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]
Plant and equipment hire	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]
External consulting costs	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]
Total	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]	[\$[enter amount]]

3. Note to the statement of eligible expenditure

3.1. Eligible expenditure

The eligible expenditure as reported in the statement of eligible expenditure is in accordance with the BBRF program guidelines.

3.2. Basis of compilation

This statement of eligible expenditure has been prepared to meet the requirements of the grant agreement between [enter grant recipient name] and the Commonwealth represented by the Department of Industry, Science and Resources. Significant accounting policies applied in the compilation of the statement of grant income and expenditure include the following:

4. Certification by directors [if not director, replace with appropriate equivalent]

[Grant recipient name]

[Project number]

For the period [dd/ mm/yyyy] to [dd/ mm/yyyy]

We confirm that, to the best of our knowledge and believe, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

Statement of grant income and expenditure

- a. We have fulfilled our responsibilities for the preparation of the statement of grant income and expenditure in accordance with the cash basis of accounting and the terms of the grant agreement with the Commonwealth, represented by the Department of Industry, Science and Resources dated [enter date]; in particular, the statement of grant income and expenditure presents fairly in accordance therewith.
- b. All events subsequent to the date of the statement of grant income and expenditure which require adjustment or disclosure so as to present fairly the statement of grant income and expenditure, have been adjusted or disclosed.
- c. [Where applicable] The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the statement of grant income and expenditure as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- d. That all grant recipient contributions and other financial assistance were spent for the purpose of the project and in accordance with the grant agreement and that the grant recipient has complied with the grant agreement and relevant accounting policies.

Signature

Name [enter name]

Director

Date [dd/mm/yyyy]

Signature

Name [enter name]

Director

Date [dd/mm/yyyy]

5. For Auditor use only

I certify that this statement of grant income and expenditure is the one used to prepare my independent audit report dated [enter date] for the Department of Industry, Science and Resources.

Signature

Name [enter name]

Position [enter position]

Auditor's employer [enter employer name]

Date [dd/mm/yyyy]

Attachment B - Independent audit report

Background for auditors

The purpose of the independent audit report is to provide us with an auditor's opinion on the grant recipient's statement of grant income and expenditure. The statement of grant income and expenditure is prepared by the grant recipient to correspond with the expenditure reported to the department by the grant recipient for the same period, in the process of claiming grant payments.

The independent audit report must be prepared by a person who is an approved auditor.

An approved auditor is a person who is:

- a. registered as a company auditor under the *Corporations Act 2001* or an appropriately qualified member of Chartered Accountants Australia and New Zealand, or of CPA Australia or the Institute of Public Accountants; and
- b. not a principal, member, shareholder, officer, agent, subcontractor or employee of the grant recipient or of a related body corporate or a Connected Entity.

The audit should be undertaken and reported in accordance with Australian Auditing Standards.

The independent audit report must follow the required format and include any qualification regarding the matters on which the auditor provides an opinion. We may follow up any qualifications with the grant recipient or auditor. The independent audit report must be submitted on the auditor's letterhead.

Auditors must comply with the professional requirements of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants in the conduct of their audit.

If the auditor forms an opinion that the statement of grant income and expenditure does not give a true and fair view of the eligible expenditure for the period, the independent audit report should be qualified and the error quantified in the qualification section of the independent audit report.

The required independent audit report format follows.

Auditor's report

Independent audit report in relation to [grant recipient name]'s statement of grant income and expenditure to the Commonwealth, represented by the Department of Industry, Science and Resources (the department).

We have audited:

- a. the accompanying statement of grant income and expenditure of [grant recipient name] for the period [dd/mm/yyyy] to [dd/mm/yyyy], a summary of significant accounting policies and other explanatory information, and management's attestation statement thereon (together "the financial statement"). The financial statement has been prepared by management using the cash basis of accounting described in note 3.2 to the financial statement; and
- b. [grant recipient name]'s compliance with the terms of the grant agreement between [grant recipient name] and the Commonwealth dated [date of agreement] for the period [dd/mm/yyyy] to [dd/mm/yyyy] (the grant agreement).

Management's responsibility

Management is responsible for:

- a. the preparation and fair presentation of the financial statement in accordance with the basis of accounting described in note 3.2, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in accordance with the grant agreement;
- b. compliance with the terms of the grant agreement; and
- c. such internal control as management determines is necessary to:
 - i. enable the preparation of the financial statement are free from material misstatement, whether due to fraud or error; and
 - ii. enable compliance with the terms of the grant agreement.

Auditor's responsibility

Our responsibilities are:

- a. To express an opinion, based on our audit, on:
 - i. the financial statement; and
 - ii. [Grant recipient name]'s compliance, in all material respects, with the terms of the grant agreement.

We conducted our audit of the financial statement in accordance with Australian Auditing Standards; and our audit of compliance with the grant agreement in accordance with ASAE 3100. The applicable Standards require that we comply with relevant ethical requirements and plan and perform our work to obtain reasonable assurance about whether the financial statement is free from material misstatement and that [grant recipient name] has complied, in all material respects, with the terms of the grant agreement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement and about the grant recipient's compliance with the grant agreement. The procedures selected depend on the auditor's judgement, including the assessment

of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the grant recipient's preparation and fair presentation of the financial statement, and to the grant recipient's compliance with the grant agreement, 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 grant recipient's internal control. An audit also includes evaluating the appropriateness of accounting policies used by management, as well as evaluating the overall presentation of the financial statement.

A review consists of making enquiries and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

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

Opinion

In our opinion:

- a. the financial statement presents fairly, in all material respects, the grant income and expenditure of [grant recipient name] for the period [dd/mm/yyyy] to [dd/mm/yyyy] in accordance with the cash basis of accounting described in note 3.2 and the terms of the grant agreement, dated [date of agreement], with the Commonwealth; and
- b. [Grant recipient name] has complied, in all material respects, with the requirements of the grant agreement between the organisation and the Commonwealth dated [date of agreement], for the period [dd/mm/yyyy] to [dd/mm/yyyy].

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to note 3.2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to the department in accordance with the grant agreement, dated [date of agreement]. As a result, the financial statement may not be suitable for another purpose.

Use of Report

This report has been prepared for [Grant recipient name] and the department in accordance with the requirements of the grant agreement between [grant recipient name] and the Commonwealth, dated [date of agreement]. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than [grant recipient name] and the department, or for any purpose other than that for which it was prepared.

Auditor's signature

Name [enter name]

Auditor's employer [enter employer name]

Employer's address [enter address]

Qualifications [enter qualification]

Position [enter position]

Date

[dd/mm/yyyy]

Attachment C - Certification of certain matters by the auditor

The department also requires a certification of certain matters by the auditor in addition to the independent audit report. This should be submitted with the statement of grant income and expenditure and independent audit report.

The auditor who signs this certification must also initial and date a copy of the grant recipient's statement of eligible expenditure. The department will not accept an independent audit report that lacks this attachment.

The required format of certification is on the following page.

[print on auditor letterhead]

[addressee]

Department of Industry, Science and Resources
GPO Box 2013
Canberra ACT 2601

I understand that the Commonwealth, represented by the Department of Industry, Science and Resources and [grant recipient name] have entered into a grant agreement for the provision of financial assistance under the Building Better Regions Fund to the grant recipient for the project. A condition of funding under the grant agreement is that the grant recipient provides a statement of grant income and expenditure certifying that expenditure on approved project items has been incurred within the relevant audit period and paid in accordance with the program guidelines, and is supportable by appropriate documentation.

In fulfilment of the condition, I hereby certify that:

- a. I am a member of Chartered Accountants Australia and New Zealand/ CPA Australia/ the Institute of Public Accountants (as a Public Practice Certified Member).
- b. I have prepared the independent audit report on [grant recipient name]'s, statement of grant income and expenditure in accordance with the details of the grant agreement between the grant recipient and the Commonwealth, project no [project no] dated [dd/mm/yyyy].
- c. I have reviewed the grant agreement between the grant recipient and the Commonwealth, project no [project no] dated [dd/mm/yyyy], and related program guidelines and understand the requirements pertaining to financial reporting and eligible expenditure contained therein.
- d. I have signed the attached copy of [grant recipient name]'s statement of eligible expenditure that I used to prepare the independent audit report.
- e. I have complied with the professional independence requirements of Chartered Accountants Australia and New Zealand/ CPA Australia/the Institute of Public Accountants. I specifically certify that I:
 - i am not, and have not been, a director, office holder, or employee of [grant recipient name] or related body corporate of [grant recipient name]
 - ii have not been previously engaged by [grant recipient name] for the purpose of preparing their Building Better Regions Fund application or any report required under the grant agreement
 - iii have no financial interest in [grant recipient name].

Signature

Name [enter name]
 Qualifications [enter qualification]
 Position [enter position]
 Date [dd/mm/yyyy]