

|  |
| --- |
| COMMUNITY TRANSPORT AUDITPACKAGE |
| PREPARED BYTransport for NSWFOR USE BYCOMMUNITY TRANSPORT SERVICE PROVIDERSADMINISTERED BY Transport for NSW **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |

August 2016

## AUDITED FINANCIAL STATEMENTS

## EXPLANATORY NOTES FOR SERVICE PROVIDERS AND THEIR AUDITORS

### 1.0 PURPOSE OF AUDITED FINANCIAL STATEMENTS

The submission of audited financial statements (e.g. Income and Expenditure Statements, Balance Sheets) assists Transport for NSW to evaluate the financial performance of Community Transport Service Providers (CTSP) that have received funding grants for the provision of community transport services.

### 2.0 THE ADVANTAGES OF A PROFORMA

There can be different views about how best to present the affairs of an organisation. An Audited Financial Statement proforma helps to resolve many of the issues and variations:

* It sets the standard for the allocation of incomes and expenditures into what is believed to be the most reasonable categories for the type of service you provide.
* It ensures that important financial transactions are not omitted from financial statements or reported in inappropriate categories.
* It allows easy comparison between similar Service Providers and can assist in providing justification for increases in funding.

### 3.0 THE FUNDING PROGRAMS

Transport for NSW administers three programs that provide funding for community transport services:

* the Commonwealth Home Support Program (CHSP)
* the Communist Care Supports Program (CCSP)
* the NSW Community Transport Program (CTP).

If funding is received for more than one of these programs, Transport for NSW only requires one set of Audited Financial Statements. That includes audited profit and expenditure statement for each of above funding programs and a consolidated audited balance sheet.

Note: If in case, profit and expenditure statement are not being maintained at funding programs level in your system then please use estimated figures along with consolidated profit and expenditure statement.

Service Providers that conduct activities beyond community transport services, including Councils, are to submit the financial statements covering their total activities in addition to those statements that are specific to community transport activities.

### 4.0 THE AUDIT PERIOD

Service Providers are required to provide Audited Financial Statements for the year ending 30 June 2016 to Transport for NSW by no later than 31 October. Failure to submit documentation may result in a Breach of your Reporting Obligations being initiated (refer Reporting Schedule). Service Providers are obligated to Acquit their Funding annually as per clause 13 (page 17) and Reporting Schedule in accordance with our financial reporting requirements.

### 5.0 THE AUDIT PACKAGE

There are three parts to the Audit Package for CTSP’s:

* The Audited Financial Statement proforma suggesting the layout of the Income and Expenditure Statement and the Balance Sheet for each funded service.
* Certification proforma suggesting the layout of the auditor’s declaration that the audited statements reflect a true and fair view of the financial affairs of the Service Provider.
* Five Schedules that need to be completed by the Service Provider for each funded community transport service, certified by the Authorised Representative or Chairperson of the Service Provider’s Board/Management Committee/equivalent and provided to the auditor along with all the other financial records.

### 6.0 EXEMPTIONS

Service Providers that receive total recurrent grants of less than $15,000 per annum, or that only receive a non-recurrent grant, may apply to be exempted from submitting full audited financial statements.

Applications for exemption should be forwarded to the Principal Manager Contracts and Finance at Rural & Regional Service Delivery & Performance at Transport for NSW. Once the exemption is confirmed the alternative certification for exempted CTSP’s may be completed.

### 7.0 PREPARATION FOR AUDIT

Service Providers will provide the auditor with all documents reasonably required to facilitate the conduct of the audit to meet the requirements of ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards.

The following schedules should be completed by the CTSP and certified as directed on the proforma, and also be supplied to the auditor to assist in compilation of the financial reports.

Schedule 1

This relates to SACS ERO supplementation. If you are receiving SACS ERO supplementation, you must list how much supplementation you have received for each funding stream, and indicate how much of that funding has been spent on SACS ERO-related wage costs. If Service Provider has not expended all supplementation, the unexpended portion will need to be returned to TfNSW. Keep TfNSW informed about any changes to your staffing structure that will affect the amount of SACS ERO supplementation to which you are entitled. TfNSW will check this as part of the Annual Compliance Review process. If you do not receive SACS ERO supplementation, please file a nil return.

Schedule 2

This relates to the number of employees and volunteers as of 30 June 2016. This will be reviewed by TfNSW as part of Annual Compliance Review process.

Schedule 3

This details all current insurance policies providing cover to the Service Provider. Copies of certificates of currency or policies themselves are not required. It is taken that management committees, Councils and equivalent persons responsible for the governance of the service have assured themselves that insurance cover is current and adequate. This will also be checked by TfNSW as part of Annual Compliance Review process.

Schedule 4

This is the Property, Plant and Equipment Register for the non-current material assets owned by the Service Provider for each funded community transport service and which are expected to last for longer than 12 months. If a Service Provider has its own asset register with the same information as shown on Schedule 4 maintained in paper or electronic form there is no need to transfer the information to the Schedule proforma. Service Providers may provide a copy of their own fixed asset register with their audit documentation providing it is certified in the same manner as all the other schedules.

Schedule 5

This Schedule shows the funds that are required to be set aside for the replacement of each vehicle owned by the CTSP. Please refer to clause 8.3, page 12 in the Service Contract.

### 8.0 COVER SHEET

The organisation or its auditor is to complete the following information on the cover sheet:

* the date of the audit; and
* the name and address of the **Service Provider** (also note the Service Name where this differs from that of the Service Provider).

### 9.0 INCOME AND EXPENDITURE STATEMENT

The Income and Expenditure Statement reports all the income and expenses of the organisation during the year for each funded community transport service. Please refer to your Service Contract for information on how funding can be expended by Service Providers. Recent changes to TfNSW’s financial reporting have necessitated a change in the items listed in the Income and Expenditure Statement, compared to previous years. Ensure that you are using the latest Income and Expenditure Statement when undertaking your audit.

### 9.1 ITEM 1 INCOME

# Item 1.1 Grant - Recurrent Funding

All **recurrent** grant funding is to be recorded here and identified separately by **source**. Due to reporting requirements associated with the SACS Modern Award Equal Remuneration Order (SACS ERO), income received for SACS ERO supplementation must be listed separate from other grants.

# Item 1.2 Grant – Non Recurrent Funding

All CHSP, CCSP & CTP **non** **recurrent** grant funding is to be recorded here and identified separately by **source.**

# Item 1.3 Grant – Regional Transport Coordinator Funding

All **regional transport coordinator** grant funding is to be recorded here**.**

# Item 1.4 Income from Passengers and Groups

This is income derived from passengers and can also be known as “donation” or “contributions”.

# Item 1.5 Interest from Deposits

Interest includes money received during the year from bank accounts and term deposits. Service Providers are expected to invest funds set aside for asset replacement reserve in interest bearing deposit accounts.

# Item 1.6 Membership Subscriptions

This applies if your organisation charges a yearly fee as empowered by its constitution and resolved by the management committee.

# Item 1.7 Profit on Sale of Assets

This applies if your organisation made a profit on asset sales.

# Item 1.8 Insurance Recovery

This applies if your organisation received funding from an insurance claim.

# Item 1.9 Other Income

Any other income related to the operation of the community transport service should be **listed** **separately by source** e.g. Health, DVA, diesel fuel rebate, SSTS, bus hire income, donations, fundraising or Council grants.

### 9.2 ITEM 2 EXPENDITURE

# The expenditure items have been divided into two main categories: Direct Services Related Costs and Indirect Support and Administration Costs and are reportable against each of the funding programs.

# Item 2.1 Direct Services Related Costs

Item 2.1.1 Employee Expenses (including oncosts)

All employee costs associated with staff engaged in providing community transport services to clients as detailed in the funding contract with TfNSW.

Item 2.1.2 Brokerage

The full cost of brokering incurred by the Service Provider. Distinction should be made between bus hiring expenses, taxi hiring expenses and other brokering expenses.

Item 2.1.3 Travel

Travel costs incurred by employees for travel directly associated with provision of community transport services.

Item 2.1.4 Carer Resources

Resources provided to carers.

Item 2.1.5 Volunteer Reimbursement (excluding vehicles)

Expenses related to reimbursing volunteers, such as meal vouchers. Does not include reimbursement of vehicle use, as this item should be included at 2.1.6.6.

Item 2.1.6 Motor Vehicle Running Costs (excluding depreciation)

All costs associated with running your motor vehicles, such as fuel, maintenance, insurance/registration, reimbursements for use of private vehicles and other motor vehicle running cost expenses.

Item 2.1.7 Other Direct Service Providers Related Costs

All other costs associated with direct service delivery that has not been encompassed in Items 2.1.1 to 2.1.6. Specify the nature of each expense in the space provided.

# Item 2.2 Support and Administration Costs

Item 2.2.1 Employee Expenses (including oncosts)

All employee costs associated with the provision of administrative support for service delivery to clients as detailed in the funding contract with TfNSW. Examples include accounts processing.

Item 2.2.2 Training Costs

All costs associated with providing training to volunteers and staff.

Item 2.2.3 Premises and Accommodation

All costs relating to premises, including rent and non-vehicle cleaning costs.

Item 2.2.4 Depreciation of Assets

All costs relating to the depreciation of all assets.

Item 2.2.5 Promotion and Advertising Costs

All costs associated with promoting and advertising the service.

Item 2.2.6 Loss on Sale of Assets

All losses occurred in the sale of an asset.

Item 2.2.7 Management Fees

Management fees, or general overhead recovery charges, allocated to the activity by Service Providers. The attributed cost must be proportionate to the level of support actually provided to the activity. Include non-vehicle insurance in this item.

Item 2.2.8 Other Support and Administration Costs

All other support and administration costs, including audits, accounting fees, non-vehicle maintenance, lodgement/legal fees, printing/postage/stationery, communication utilities, conferences/forums, consultancies and other costs not included above.

# Item 2.3 Total Expenditure

The sum of all expenses.

### 9.3 ITEM 3 OPERATING SURPLUS (DEFICIT) BEFORE APPROPRIATION

The Operating Surplus (Deficit) is the Total Income under **Item 1** minus the Total Expenditure under **Item 2**. It relates to the overall surplus or deficit of the service after accounting for all income and expenditure items.

### 9.4 ITEM 4 RETAINED EARNINGS

This is the balance remaining after taking into account transactions with the Asset Replacement Reserve – cash set aside for future major asset replacement (almost invariably vehicles) and/or cash withdrawn from that Reserve to pay for major asset replacement during the financial year. This final figure is transferred to the Balance Sheet.

CTSP are required to return this amount to TfNSW by 31 October unless written approval is received prior to this date.

### 10.0 BALANCE SHEET

The Balance Sheet provides a snapshot of the financial health of the organisation at a particular point in time. It is a statement of the assets and liabilities of the organisation at that point in time.

Service Providers receiving funding in addition to community transport and which are being acquitted through audit must present a balance sheet and the Adequacy of Cash Reserves Check must still be completed.

### 10.1 CURRENT ASSETS

Where applicable, details to be provided are to include:

* Cash on Hand.
* Cash at Bank and Other Financial Institutions - the names of financial institutions where accounts are held and the type of account are to be listed under this item.[[1]](#footnote-1)
* Petty Cash Float - the amount which originally commenced the imprest petty cash system.
* Prepayments - these are the portions of expenses that have been paid in advance e.g. rent, insurance premiums or Service Provider agreements on equipment.
* Debtors (Accounts Receivable) - money owed to the Service Provider but not yet received.
* GST Receivable – refund claimed on BAS but yet to be received from the ATO.

### 10.2 NON-CURRENT ASSETS

Generally non-current assets include property (e.g. buildings), equipment (e.g. computers), furniture and motor vehicles.These physical assets are depreciated over their expected useful lives. Non-current assets may also include long-term investments maturing beyond the next 12 months.

Providers should ensure that all motor vehicles are included in this section of the balance sheet.

### 10.3 CURRENT LIABILITIES

Where applicable, details to be provided are to include:

* Creditors (Accounts Payable) - money owed by the Service Provider but not yet paid.
* Grants in Advance - that portion of grants received which apply to a period past the end of the financial year.
* Accrued Liabilities - expenses incurred for which the supplier is yet to render an invoice.
* GST - GST collected but not yet remitted to the ATO.
* Payee Tax - tax on employee salaries and allowances not yet remitted to the ATO.
* Superannuation – employer’s and employees’ contributions not yet paid.

### 10.4 NON-CURRENT LIABILITIES

Where applicable, details to be provided are to include provisions such as those set aside for future payments covering accrued employee entitlements.

Please note:

1. A vehicle replacement provision is not to be included as a liability. It is not: money owed; repayable to another party. In the occurrence of management event please refer to clause 10 in Funding Contract. The amount earmarked for vehicle replacement is a post-surplus appropriation of funds that should be shown as a reserve rather than a provision, in the Equity section of the balance sheet.
2. Other approved reserves would also be shown in the Equity section.

### 10.5 EQUITY

**Members’ Funds**

This is the value of the refundable shares required under some forms of registration as a company and all registered co-operatives.

**Balance of Accumulated Funds**

The Balance of Accumulated Funds at the end of the financial year being reported upon is determined by adding

* Members’ Funds.
* Balance of Accumulated Funds from last year (corresponding to the total accumulated funds from the previous audited statement).
* Retained Earnings (‘bottom line’) from the Income & Expenditure Statement.
* Vehicle Replacement Reserve (balance from Schedule 5).

### 10.6 ADEQUACY OF CASH RESERVES CHECK

This check is to be completed to ensure adequate cash reserves are being held to cover future major obligations which are primarily vehicle replacement and accrued employee entitlements. With prior approval, a reserve may be created for other major discretionary future expenditure such as a relocation.

If the resulting uncommitted cash amount varies significantly from $0 then an explanation is to be forwarded with the audit documentation. The explanation is to include detail of strategies being implemented to address the balance. Time frames, progressive targets and responsibilities are to be clearly set out.

### 11.0 CERTIFICATIONS

One of the four certification proformas is to be submitted as appropriate to the Service Provider:

* “Statement by Auditor”.
* “Audit Certificate for use by Local Government, Health Agencies or Statutory Authorities”. Services auspiced by Local Councils, Health Agencies or Statutory Authorities are required to submit a full audited financial statement (unless they are an exempted Service Provider) duly certified by the General Manager unless an independent auditor has been engaged. In addition, a copy of the independent audit report covering the Council’s/Agency’s/Authority’s full financial statements is to be submitted.
* “Audit Certificate for Exempted Service Providers which are Auspiced by Community Organisations” (**Section 6.0** refers).
* “Audit Certificate for Exempted Service which are Auspiced by Local Government, Health Agencies or Statutory Authorities” (**Section 6.0** refers).

### 11.1 STATEMENT BY AUDITOR

An auditor may use their own form of certification as an alternative to the standard proforma provided it includes:

* confirmation the audit was conducted in accordance with appropriate standards;
* an opinion as to whether or not the financial statements present a true and fair view of the state of affairs of the Service Provider; and
* an opinion as to whether or not funds provided by Transport for NSW have been expended in accordance with the conditions of the Funding Contract.

### 12.1 PRE-DESPATCH CHECKLIST

|  |  |
| --- | --- |
| Has an audit statement been completed? |  |
| Has the cover sheet been completed? |  |
| Is there a completed, signed Certification in accordance with Section 11? |  |
| Have the five Schedules been completed, signed and dated? |  |

## AUDIT PROFORMA

## COMMUNITY TRANSPORT AGREEMENTS

## AUDITED FINANCIAL STATEMENT COVER SHEET

## 

## FOR THE YEAR ENDED

## 30 JUNE 2016

SERVICE PROVIDER’S NAME: ....................................………...............................................

SERVICE’S NAME: .....................................................……….................................................

CONTACT NAME: ……………………………………………………………………………

POSTAL ADDRESS: ...............…………..................................................................................

.........................................................................………….............................................................

..........…………............................................................................................................................

PHONE NUMBER: ...........................................……FAX NUMBER: ......................................

E-MAIL ADDRESS: ....................................................................................................................

## STATEMENT BY AUDITOR

We have examined the attached Financial Statements, and supporting schedules, of:

(Name of Service Provider and Name of Service)

............................................................…………..............................................................................

............................................................…………..............................................................................

for the Year Ended ………….......................................................................................................

Our audit was conducted in accordance with Australian Auditing Standards and, accordingly, included such tests of the accounting records and such other audit procedures as we considered necessary in the circumstances.

In our opinion the accompanying Financial Statements are properly drawn up so as to give a true and fair view of the state of affairs as at ……………………………. and the results of the operation of the Service Provider for the year then ended.

Funds provided by Transport for NSW have been expended in accordance with the conditions of the Funding Contract.

Date .............................. Signature of Auditor .......................................................

Name of Auditor .......................................................

Qualifications of Auditor ......................................................

## AUDIT CERTIFICATE FOR USE BY LOCAL GOVERNMENT,

## HEALTH AGENCIES OR STATUTORY AUTHORITIES

I have examined the attached Financial Statements, and supporting schedules, of:

(Name of Service Provider) ...........................................…………….......................................

....................................................................................................................………….........................

for the Year Ended …………...........................................................................................................

In my opinion the accompanying Financial Statements are properly drawn up so as to give a true and fair view of the state of affairs as at ……………………………. and the results of the operation of the Service Provider for the year then ended.

Funds provided by the Transport for NSW have been expended in accordance with the conditions of the Funding Contract.

Date ................................ Signature ...........................................................................................

Name ............................................................................................

Position General Manager / Chief Executive / ………………….\*\*

(equivalent)

\*\*Delete as appropriate

**NOTE: This certificate is not required if an independent auditor has been engaged and their Statement by Auditor is provided.**

## AUDIT CERTIFICATE FOR EXEMPTED SERVICE PROVIDERS WHICH

## ARE AUSPICED BY COMMUNITY ORGANISATIONS

(To be completed by organisations receiving annual recurrent grants of less than $15,000 per annum or which have only received a non-recurrent grant, and which have applied for and received exemption from Transport for NSW through their Contract Officer)

We hereby certify that the information contained in the books and financial records of

..............................................................................................…………….....................................

present a true and fair view of the financial position of the Service Provider as at ..................................

For the period from ..................... to ...................... the total grant income was .......……….........

and the total expenditure was ................................ .

The organisation currently has unexpended funds of $ ..................

It is intended that these unexpended funds will be totally applied to the purposes for which the

grant was received by ..………...... (date) OR

Are being held as provision for:

………………………………………………………………………………. $ …………….

………………………………………………………………………………. $ …………….

………………………………………………………………………………. $ …………….

We are satisfied that:

a. Funds provided by Transport for NSW have been expended in accordance with the  
conditions of the Funding Contract.

b. Establishment of all resources and provisions is justified/recorded in the minute books.

c. A full and complete set of financial records has been maintained.

Signature ................................................................... Date .................................

Name ......................................................................... (Chairperson\*\*)

Signature ................................................................... Date ...................................

Name ........................................................................ (Treasurer)

\*\*or equivalent

## AUDIT CERTIFICATE FOR EXEMPTED SERVICE PROVIDERS WHICH

## ARE AUSPICED BY LOCAL GOVERNMENT, HEALTH AGENCIES OR

## STATUTORY AUTHORITIES

(To be completed by organisations receiving recurrent grants of less than $15,000 per annum or which have only received a non-recurrent grant, and which have applied for and received exemption from Transport for NSW through their Contract Officer.)

I hereby certify that the information contained in the books and financial records of

..............................................................................................…………….....................................

present a true and fair view of the financial position of the organisation as at ..................................

For the period from ..................... to ...................... the total grant income was .......……….........

and the total expenditure was ................................ .

The organisation currently has unexpended funds of $ ..................

It is intended that these unexpended funds will be totally applied to the purposes for which the

grant was received by ..………...... (date) OR

Are being held as provision for:

………………………………………………………………………………. $ …………….

………………………………………………………………………………. $ …………….

………………………………………………………………………………. $ …………….

I am satisfied that:

a. Funds provided by the Transport for NSW have been expended in accordance with the conditions of the Funding Contract.

b. Establishment of all resources and provisions is justified/recorded in the minute books.

c. A full and complete set of financial records has been maintained.

Signature ................................................................... Date .................................

Name .........................................................................

Position General Manager / Chief Executive / ……….…………….\*\*

(equivalent)

\*\*Delete as appropriate

1. [↑](#footnote-ref-1)