

<ICC Letterhead>

<Name and address of funding recipient>

Dear Sir/Madam,

INFORMATION KIT FOR AUDITORS – 2007/2008

Please find enclosed a kit containing important information for your auditor and advice regarding the auditing of funding provided through the 2007/2008 funding round, as set down in the Terms and Conditions for funding.

As in previous years, this auditor kit has been prepared in response to requests for guidelines in preparing audited financial statements which meet your statutory requirements as well as current Funding Agreement conditions. It is hoped these guidelines will reduce delays in acquitting funding and consequent delays in the release of subsequent 2008/2009 funding where this has been approved.

The kit contains:

- a recommended Letter of Engagement which sets out the work that is expected of your auditor. In that letter, we have added an authorisation to your auditor to provide such financial or other information as may be required from time to time by this office;
- relevant clauses from the Terms and Conditions for Funding Agreements Relating to Indigenous Programs for the financial year 2007/2008;
- the recommended format for Financial Acquittance Statements for individual funding;
- an Audit Checklist, comprising a summary of matters which require specific examination by the Auditor; and
- a schedule of funds releases made to your organisation during the 2007/08 financial year.

It is in your interest to complete the recommended Letter of Engagement so that the auditor is advised of the Australian Government's requirements. The Engagement letter should be forwarded, together with the 'Information Kit', to your Auditor.

Please ensure that the documentation required, as outlined in the Funding Agreement Terms and Conditions can be completed and submitted to us by 30 September 2008, or any different date specified in the Terms and Conditions for Funding Agreements Relating to Indigenous Programs for the financial year 2007/2008 and the Schedules to the Funding Agreement. Extensions will not be granted unless there are extenuating circumstances.

I hope this 'Information Kit' will help you to meet our requirements.

Should you require further information or assistance in this matter please contact <insert name> at the Indigenous Coordination Centre.

Yours sincerely

ICC Manager

<insert date>

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(Your Auditor's name and address)

Dear Sir/Madam

Letter of Engagement

Purpose

The purpose of this letter is to inform you of our requirements and the scope of the formal audit of our organisation for the 2007/2008 funding year.

Nothing in this letter is to be construed as an endeavour to limit or restrict your express or implied duties as our auditor.

The responsibility for programmes lies with Australian Government Departments who are responsible for the acquittance of funding provided under these programmes.

Staff of these Agencies and contact details for non-represented Agencies, are available at local Indigenous Coordination Centres (ICC).

Reporting Requirements

In the course of examining and reporting on our organisation's statutory financial statements we require that you provide our members with the following information:

- whether, in your opinion, the financial statements present the financial transactions fairly in accordance with applicable accounting standards and other mandatory professional reporting requirements and are based on proper accounts and records; and
- whether the organisation's management has ensured that the rules and legislation governing our organisation have been complied with and that a register of members, and office holders, has been properly maintained.

Should you find it necessary to qualify this audit in any way please comment on the nature and extent of any discrepancy and suggest appropriate remedial action.

Audit Approach

The Terms and Conditions of the Funding Agreement state that the Audit must be carried out by an approved auditor. In the Terms and Conditions 'Approved Auditor' means a person who is:

- a) registered as a company auditor under the *Corporations Act 2001*, or a member of the Institute of Chartered Accountants in Australia, or of CPA Australia or the National Institute of Accountants; and
- b) not a principal, member, shareholder, officer or employee of ours or of a related body corporate as defined in section 9 of the *Corporations Act 2001*(Cth) or Your Qualified Accountant;

We expect that the audit will be conducted in accordance with the applicable auditing and accounting standards promulgated by the Australian accounting bodies, taking into account any relevant *Urgent Issues Group Abstracts*. This is important to us, as we are accountable to the Australian Government for our use of its funds.

Please be aware that the reporting requirements for 2007-08 have changed from previous years. In accordance with clause 8.2 (c) of the 2007-08 General Terms and Conditions; you are required to provide audited General Purpose Financial Statements as defined by the Australian Accounting Standards.

In developing the audit approach we ask that you have regard to the potential impact of errors and omissions on the activities of our organisation.

In particular, we request that –

1. *For an annual audited financial report*

- a) the audit be carried out at our place of business;
- b) you consider the impact of any matters raised by ICC staff;
- c) you evaluate the environment within which the financial control systems operate;
- d) you identify and document the basic controls which are designed to ensure all items or transactions are recorded that should be recorded;
- e) you identify and document the flow of data to the general ledger;
- f) you test controls over those transactions;
- g) you report on the adequacy of our financial controls and any instances where there has been a breakdown in controls;
- h) assets be sighted and checked for inclusion in our asset register and for insurance cover; and
- i) you comment on our financial position as it relates to any issues affecting our ability to repay surplus Australian Government funds or complete the approved activity with available funds.

2. *For a funds acquittal report*

- a) in addition to the general audit, you ensure that a funds acquittal report for each funding agreement activity received from the funding Agency is prepared in accordance with the Funding Agreement Terms and Conditions and any Supplementary Funding Agreement Conditions specified in the Letter of Offer (copies at Attachment A). These financial statements should form part of the statements upon which your audit opinion is based.
- b) Each funds acquittal report should include:
 - i) a separate Statement of Financial Performance (or receipts and payments statement) compared with the approved budget (including any unexpended funds brought forward, interest and activity generated income) (an example is at Attachment B);
 - ii) capital items acquired with funds provided under the funding agreement reported against budget line items;
 - iii) where the financial statement has been prepared on a cash basis, a detailed list of debtors and creditors; and
 - iv) a reconciliation statement showing the cash position of the activity.
- c) a statement be included, either as a note to the accounts or as a separate funds acquittal statement, detailing the amounts of individual funding that are unexpended, repayable or in advance (these should be included in the current liabilities);
- d) you provide confirmation that any CDEP wages funding was used only to pay participants' wages, in compliance with the CDEP Program Specific Conditions;
- e) you verify the existence of the required program Funding Account or Accounts and in particular comment and document any transactions in this account which do not directly relate to the receipt of Australian Government funds, interest earned, activity generated income and payments relating to approved budget items; and
- f) where there is an audit qualification or limitation of scope, an outline of the reasons for the qualification or limitation of scope, and the remedial action recommended.

The enclosed schedule of funds releases made during the year (Attachment C) and the audit checklist (Attachment D) may be of assistance in relation to the above matters.

Management Letter

You must prepare a separate letter to our organisation's management detailing any significant issues relating to internal control and accounting procedures of which you become aware during the course of the audit.

This management letter should be designed to assist the organisation's management in meeting its responsibilities for maintaining adequate accounting records and appropriate control over financial transactions and assets. In this context you should pay particular attention to:

- a) quoting and tendering processes and the letting of contracts by our organisation;
- b) reporting on whether we have discharged our statutory obligations, especially in relation to meeting tax obligations in terms of provisions and payments; and
- c) reporting on asset registers, insurance cover and expenditure controls.

We expect the management letter to identify possible weaknesses in our financial management practices and transaction recording systems, and to recommend appropriate remedial measures.

Timing

We require that the financial statements, management letter and independent audit report be submitted to the organisation's management no later than < *insert date* > 2008, or two weeks prior to any different date specified in the Terms and Conditions of our Funding Agreement. This will enable the audited financial statements to be passed by our annual general meeting and submitted to the funding agency by 30 September 2008, or as stated in the Terms and Conditions. If circumstances arise where an extension of time is needed, please notify me of the reasons for the delay and I will seek written consent to an extension of time from the ICC Manager in < *ICC staff to insert name of ICC Office* >. Failure by you to comply with your reporting obligations will be a breach of your contract of engagement.

We seek your cooperation in meeting this deadline as late submission of the audited financial statements will constitute a breach of funding agreement conditions applying to this organisation and may lead to the withdrawal of funding support from the Australian Government.

Provision of information to Australian Government Agencies

We authorise you to provide such financial and other information relating to your audit of this organisation for the 2006/2007 financial year as may be requested from time to time by the Australian Government Agency with responsibility for administration of the Funding Agreement.

Currency of Letter of Engagement

This letter will be effective for the audit covering the financial year 2007/2008.

We look forward to your written confirmation of the above terms of your engagement.

Yours sincerely

(Chairperson)

(Date)

Relevant clauses from the General Terms and Conditions for Funding Agreements Relating to Indigenous Programs for the financial year 2007/2008.

4. PAYMENT

- 4.1 Subject to sufficient funds being available for the Programme We will provide You with the Funding at the times and in the manner specified in the Schedule.
- 4.2 If, at any time, an overpayment of Funding occurs then this amount is a debt owed to Us which must be repaid by You, or We may offset or deduct this amount in accordance with clause 3.6.

5. MANAGEMENT OF FUNDING

- 5.1 You must carry out the Project within the Project Period and in accordance with this Agreement (including any applicable Principles and Guidelines), diligently, effectively and to a high professional standard.
- 5.2 If We are satisfied that You do not have the capacity to manage the Funding, We may immediately suspend, reduce or cease the release of Funding to You. We will provide You with written notice of this decision.
- 5.3 If We are satisfied that You have failed to or are unable to comply with the terms of this Agreement, We may cease payment of any further Funding and/or demand the repayment of previous payments.
- 5.4 The Funding must be spent by You only for the Activity in accordance with this Agreement. You must not use the Funds:
- a) to make a loan or gift; or
 - b) to pay sitting fees to Directors and members of Your organisation;
 - c) for any overseas travel without Our written prior approval;
 - d) to make payments that are inconsistent with the Project;
 - e) to relieve cash flow problems in other projects;
 - f) to settle, agree to consent orders in relation to or otherwise resolve any proceeding or application for reinstatement and/or wrongful dismissal by a current or former employee of Yours for an amount in excess of \$15,000, without Our prior written approval; or
 - g) to pay “commissions” or “success bonuses” or other like benefits to Directors, staff, members or consultants as payment or part payment for work undertaken.
- 5.5 Subject to Our prior written consent, You may use Funds to reimburse Your Directors’ reasonable travel and accommodation expenses where:
- a) We consider the travel was reasonable and necessary for the project; or
 - b) the expenses were incurred attending Your Board meetings;
 - c) the cheapest mode of travel available was used; and
 - d) the claimed rate is no higher than the ATO ruling TR 2004/6.

- 5.6 You must:
- a) ensure that the Funds are held in a deposit taking institution authorised under the Banking Act 1959, held in an account under Your sole control and in Your name ;
 - b) notify Us in writing of the details to identify said account prior to receipt of the funds;
 - c) provide Us and the institution with an authority to obtain any details relating to use of the said account;
 - d) provide written notification to the institution that the funds are for the express purpose of the Project and a copy of this notification is sent to Us;
 - e) notify us in writing within 10 business days of any change to this account and details of new account complying with the above clauses;
 - f) unless sole director or an individual have as a minimum two signatories with Your authority to operate the said account; and
 - g) within Your accounting records at all times have the transactions of the accounts relating to the Project separated to easily identify and ascertain.
- 5.7 You must keep financial records relating to the Project to enable:
- a) all receipts and payments to be identified in Your accounts and reported in accordance with the Agreement;
 - b) the preparation of a General Purpose Financial Report in accordance with the Australian Accounting Standards including, but not limited to, an income and expenditure statement for the financial year to date compared with the Budget, and a schedule of Assets acquired, sold, written off or otherwise disposed during the year to date compared with the Budget;
 - c) an audit of the accounts and records in accordance with the Australian Auditing Standards; and
 - d) identification of all taxation liabilities and payments
- 5.8 Except with Our prior written approval, You must not use any of the following as any form of security for the purpose of obtaining or complying with any form of loan, credit, payment or other interest:
- a) the Funds;
 - b) this Agreement or any of Our obligations under this Agreement; or
 - c) any Assets or Intellectual Property Rights in Project Material.
- 5.9 If at any time during the Term of this Agreement We determine that funds in account referred to in clause 5.6 remain that have not been spent or legally committed for expenditure in accordance with this Agreement then at Our discretion and via written notice:
- a) demand the Funds to be repaid to Us within 20 business days from the date of the notice;
 - b) direct You to deal with the Funds as We determine; or
 - c) reduce further payments of Funding to You by the amount of Funds in the account.
- 5.10 Failure to comply with clause 5.9 (a) will accrue interest on the amount outstanding and be payable in addition to the principal.

- 5.11 If at the completion of the Activity Period You have uncommitted Funds We may at our discretion and in writing agree to You keeping the remaining Funds for an agreed purpose.
- 5.12 If We do not agree in writing to the retention of said funds in clause 5.11 We will give written notice that said funds are returned to Us within 20 days of receipt of this notice and subsequent interest will accrue on outstanding monies, if failure to comply with this request, until full payment principal and interest is received.:
- 5.13 Any amount owed to Us under subclause 5.9, and any Interest owed under subclauses 5.10 or 5.12, will be recoverable by Us as a debt. This clause 5.13 is without prejudice to any other rights available to Us under this Agreement or at law or in equity and Our notice constitutes *prima facie* evidence of the debt.
- 5.14 You must only spend the Funds in accordance with the Budget.
- 5.15 You may spend any Funds in the operational expenditure block at Your discretion to achieve the Objective. Funds in all other expenditure blocks of the Budget must be spent on listed items within those blocks unless approved by Us in writing.
- 5.16 If Your spending exceeds Your budget no further funds will be given.
- 5.17 Funds for the purchase of real property will not be released until:
- a) a property valuation has been received by Us;
 - b) the proposed purchase price approved by Us;
 - c) You sign and return to Us a Purpose Agreement and/or take any other action directed by Us that We consider is necessary or desirable to secure Our interest under the Asset under this agreement; and
 - d) You consent to Us placing a caveat over the title of the property or taking such other action that We consider is necessary or desirable to secure Our interest in the property under this Agreement.
- 5.18 If funds are to be used for the construction, repairs or maintenance of a building, on land owned by You, the funds will not be released until We receive a signed Purpose Agreement or similar security or document required by Us that We consider is necessary or desirable to secure Our interest in the property under this Agreement..
- 5.19 The operation of this clause 5 survives the expiration or earlier termination of the Term of this Agreement.

6. ASSETS

- 6.1 Apart from those detailed in the Schedule You must not use the funding to acquire or create any Asset, without Our written approval. Approval may be given subject to any conditions We impose, which conditions may relate to the full market value of the Asset.
- 6.2 You own any Asset acquired by You with the Funding unless:
- a) the Asset is listed in the Schedule as being owned by Us or a third party or the Parties subsequently agree that the Asset is owned by Us or a third party; or
 - b) We direct You to transfer all or any of the Assets under clause 6.10 of this Agreement.
- 6.3 If We or a third party own the Asset, subclauses 6.7, 6.10 and 6.11 do not apply. If You lease the Asset then You must ensure that the terms of the lease are consistent with this clause 6 except for subclauses 6.7, 6.8, 6.10 and 6.11.

- 6.4 During the Project Period You must use any Asset in accordance with this Agreement and for the purposes of the Project.
- 6.5 You may only use an Asset acquired with funding provided by the Commonwealth according to the terms and arrangements under which You received that funding.
- 6.6 You must:
- a) not dispose of, transfer, lease, licence, encumber, part with possession of, or otherwise deal in any way with an Asset or any part of it subject to any conditions specified in Our consent notice (including conditions that relate to the full current value of the Asset);
 - b) secure and safeguard all Assets against theft, loss, damage, or unauthorised use;
 - c) maintain all Assets in good working order;
 - d) maintain all insurances to their full replacement value noting Our interest, if applicable and provide satisfactory evidence of this on request from Us;
 - e) if required by law, maintain registration and licensing of all Assets;
 - f) be fully responsible for, and bear all risks relating to, the use or disposal of all Assets;
 - g) maintain an Assets Register in the format described in the Schedule; and
 - h) (provide a copy of this register upon request by Us.
- 6.7 Where an Asset has been disposed of for consideration with or without Our consent, the written down value of the asset must be paid to Us or dealt with in accordance with Our written directions, which may be issued at any time.
- 6.8 Any Assets lost, damaged or destroyed, are to be reinstated or replaced by You and clause 6 continues to apply to such Assets.
- 6.9 All proceeds of insurance are deemed to form part of the funding and You will notify Us of amounts and related Assets should You receive any such payments.
- 6.10 At Our sole discretion and directed to You in writing, We may require You to deal with any Asset upon completion of the Project or earlier termination.

Where any of the following applies:

- a) You are in breach of this Agreement;
- b) We cease to provide Funding to You for any reason;
- c) You cease to deliver the Project;
- d) You have ceased to use an Asset to deliver the Project, or We are of the opinion that an Asset is no longer suitable to be used for the Project or the purpose for which it was approved under this Agreement;
- e) following the end of the Project Period or earlier termination of this Agreement;
- f) any of clause 20 applies;

We may, in our sole discretion, give you a written notice to:

- a) transfer the Asset to Us or Our nominee;
- b) (h) repay to Us some or all of the Funding that was used to acquire, maintain, repair or which has otherwise contributed to the Asset; and/or

c) sell the Asset to a bona fide purchaser for market value, subject to any conditions We specify in the direction.

6.11 Failure to comply with clause 6.10 will accrue interest on the amount outstanding and be payable in addition to the principal. As such these funds, without prejudice to any other rights available to Us under this Agreement or at law, are recoverable by Us as a debt due.

6.12 Our approvals under subclause 6.1 and or 6.6(a) will not be unreasonably withheld. A decision as to whether an approval will be provided will be made within a reasonable time of the request.

6.13 Paragraph 6.6(a) and subclauses 6.7 and 6.11 do not apply to Assets which are trading stock of a commercial activity.

6.14 You must provide Us with security over any Asset, in whatever form We require, and pay all stamp duty and reasonable legal costs of, and incidental to, such security upon Our request.

6.15 The operation of this clause 6 survives the expiration or earlier termination of the Term of this Agreement..

7. RECORDS

7.1 You must keep full and accurate accounts and Records of the conduct of the Project including, without limitation:

- a) progress against the Milestones;
- b) the receipt and use of Funding;
- c) the acquisition, creation or disposal of Assets;
- d) taxation liabilities and payments; and
- e) the creation of Intellectual Property Rights in Project Material.

7.2 Accounts and records as listed in subclause 7.1 are to be retained in a retrievable condition by You for a period of 7 years after the end of the Project period.

7.3 The operation of this clause 7 survives the expiration or earlier termination of the Term of this Agreement.

8. REPORTING

8.1 You must provide to Us, at the times specified in the Schedule, the following written Reports:

- a) financial information (prepared, by a Qualified Accountant, who must also be a person acceptable to Us unless otherwise agreed by us) including:
 - i) an income statement that identifies all line items of income and expenses provided in the financial year to date, including all Project Generated Income;
 - ii) a schedule of the Assets acquired during the Financial Year compared with the Budget;
 - iii) a list of all Your assets and liabilities at the date of the Report(s), including amounts of debtors, creditors and all accruals and pre-payments; and
 - iv) any relevant supporting documentation.

- b) a copy of the bank statement of Your account referred to in paragraph 5.6(a) covering the date of the end of the financial reporting period to which it relates;
- c) a statement of how much You need to meet current liabilities under legal commitments entered into by You pursuant to this Agreement;
- d) copies of decisions and orders of any court or tribunal made against You or involving You;
- e) Project performance information including:
 - i) a description of actual performance against the Objectives and the agreed performance indicators;
 - ii) whether the Project has been completed; and
 - iii) whether the Objectives of the Project have been achieved.

8.2 Within 60 Business Days after: the Project End Date; completion of the Project or any termination of the Term of this Agreement, whichever is the earlier; and the end of each Financial Year in which a payment of Funding is made;

You must provide Us with:

- a) An set of Audited General Purpose Financial Report as defined by the Australian Accounting Standards Board and prepared in accordance with Australian Accounting Standards (that may vary from time to time), in respect of the Funding (separately and in the context of Your overall financial position), including:
 - i) a description of actual performance against the Objectives and the agreed performance indicators;
 - ii) whether the Project has been completed; and
 - iii) whether the Objectives of the Project have been achieved;

In addition:

- iv) individual income statements compared to the Budget and cash flow statements for each Schedule as included in this Program Funding Agreement;

and:

- b) a copy of a letter or report from the Approved Auditor including:
 - i) a clear statement confirming that all financial information is included for all Projects and, that the financial statements provide a true and fair representation of the financial transactions and are based on proper accounts and Records;
 - ii) specific comment on the adequacy of financial controls being maintained by You;
 - iii) specific comment on Your financial position as it relates to any issues affecting Your ability to repay surplus Funds or complete the Project with available Funds;
 - iv) specific comment on Your compliance with Your taxation obligations and Your ability to meet You taxation liabilities and any costs associated with any court or tribunal orders made against You or involving You;
 - v) specific comment on Your compliance with Your obligations to pay superannuation entitlements;

- vi) an itemised list of fees paid to Directors, stating how much was paid, to whom, when and what travel costs were involved; and
 - vii) where there are any qualifications or limitations on the audit, an outline of the reason(s) for the qualifications or limitations and the remedial action recommended; and
 - c) any other requirements specified in the Schedule.
- 8.3 The audit referred to in paragraph 8.2(a) must be carried out by an Approved Auditor and must comply with the Australian Auditing Standards, and the financial statements referred to in paragraphs 8.2(a) and (b) must be prepared by a Qualified Accountant, who must also be a person acceptable to Us, unless otherwise agreed by Us.
- 8.4 You must provide Us with the identity of the proposed Approved Auditor within 20 Business Days of the completion of each Financial Year during the Term of this Agreement, or any earlier termination.
- 8.5 The Approved Auditor must be a person acceptable to Us.
- 8.6 We may, in Our absolute discretion, appoint a particular person as the Approved Auditor at Our expense.
- 8.7 If We appoint the Approved Auditor under subclause 8.6 You must give that person all access necessary to satisfactorily perform the tasks of the Approved Auditor under this Agreement, including but not limited to the access required to be given to ‘those permitted’ under clause 17.
- 8.8 Information sought under Clause 8.2 from the Queensland Shire Councils (the former Deed of Grant in Trust communities) is to be provided:
- a) within one month of receiving the audit from the State Auditor-General, or such other periods as agreed to in writing by us; and
 - b) as an interim report within 60 business days of the expiry of the Project Period, completion of the Project or termination of the Terms of this Agreement, whichever is the earlier.
- 8.9 Information required to be provided under subclauses 8.1 and 8.2 must be accompanied by a certificate completed by You that:
- a) all Funding received was spent for the purpose of the Project and in accordance with this Agreement and that You have complied with this Agreement;
 - b) salaries and allowances paid to persons involved in the Project are in accordance with any applicable award or Agreement in force under any relevant law on industrial or workplace relations;
 - c) unless the Project Period has expired or the Agreement has been terminated, the unspent portion of the Funds (if any) is available for use within the next Reporting period;
 - d) the financial information is presented in accordance with any other financial Reporting requirements;
 - e) where an Asset has been acquired with the Funds, that paragraphs 6.6(d) and (g) have been complied with in respect to the Asset; and

f) at the time the Report or financial statement is provided to Us, You are able to pay all Your debts as and when they fall due and You have sufficient resources to discharge all Your debts at the end of the current Financial Year.

8.10 The certificate referred to in subclause 8.9 must be provided:

a) if You are an incorporated body, by:

i) Your Chairperson;

ii) Chief Executive Officer;

iii) Chief Financial Officer; or

iv) a person authorised by You to sign documents which legally bind You. Satisfactory evidence of the authorisation is to be provided to Us before certification;

b) if You are an unincorporated association or partnership, by a person or persons authorised by a majority of the members, in accordance with Your rules, to sign documents which legally bind You. Satisfactory evidence of the authorisation is to be provided to Us before certification; or

c) if You are an individual, by You.

8.11 The audit referred to in paragraph 8.2(a), and the certificate referred to in subclause 8.3, must also contain the requirements, if any, described in the Schedule.

8.12 The operation of this clause 8 survives the expiration or earlier termination of the Term of this Agreement.

9 TAXES, DUTIES AND GOVERNMENT CHARGES

9.1 Subject to this clause 9 You pay all government charges, duties and taxes imposed or levied in Australia or overseas in connection with this Agreement.

9.2 You warrant that You have an ABN which You have correctly quoted to Us.

9.3 We are registered for GST and will notify You of any change in Our ABNs or GST registration status immediately We are notified of any change. You must notify Us in writing of any change to Your ABN or GST registration immediately You are notified of any change. Each Party agrees to notify the others if it ceases to satisfy any of the requirements of *Goods and Services Tax Ruling 2000/10* dated 10 May 2000 that came into effect on 1 July 2000 ('GSTR 2000/10').

9.4 The Funds paid by Us under this Agreement include GST for supplies provided by You to Us in accordance with this Agreement and are Taxable Supplies within the meaning of the GST Act.

9.5 In consideration of Your undertaking not to issue Tax Invoices We will issue RCTIs in respect of the Taxable Supplies.

9.6 Any RCTI or adjustment note relating to Your determined taxable supplies will be issued within 20 business days from the determined date or adjustment date.

9.7 In consideration of Our undertaking to issue RCTI under subclause 9.5 You will not issue any Tax Invoices in respect of the Taxable Supplies, unless:

a) We cease to comply with the requirements of GSTR 2000/10; or

b) We for any reason notify You that We will not issue an RCTI in respect of the Taxable Supplies.

9.8 No Party may claim from the other an amount for which the first Party may claim an Input Tax Credit.

9.9 Any refund under subclause 5.9 must be inclusive of GST and must be accompanied by any Adjustment Note required under the GST Act relating to Taxable Supplies.

9.10 You should be generally aware that unless exempt from income tax rulings:

a) funding You receive is included as assessable income, in relation to carrying on a business;

b) any capital gain on disposal of Assets is assessable income; and

c) You may be required to pay fringe benefits tax and make superannuation contributions to a complying fund or pay the superannuation guarantee charge to the Australian Taxation Office in respect of any employees, if applicable.

<ICC staff to attach any additional Program or Activity Specific and Supplementary Funding Agreement Conditions, specified in the Letter of Offer, here. >

ATTACHMENT B

EXAMPLE ONLY

Funding Agreement: [Name and Project Number]

1. Income and Expenditure

	2007/2008 Approved Budget	2007/2008 Actual
Income		
Unexpended funds from previous year	xxx	
Funding - Capital	xxx	xxx
- CDEP Wages	xxx	xxx
- Operational	xxx	xxx
Activity-generated income	xxx	xxx
Interest		xxx
[Other]		xxx
Total Income	xxx	xxx
Expenditure		
CDEP Wages	xxx	xxx
Total CDEP Wages	xxx	xxx
Operational		
<i>(List items as per approved budget)</i>		
	xxx	xxx
Total Operational	xxx	xxx
Total Expenditure	xxx	xxx
Surplus/(deficit) on operations		xxx

2. Assets acquired with grant funds during financial year 2007/2008

Item	Description	Approved	Actual
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		Budget	Budget
Land	xxxxxxx	xxx	xxx
Real Property	xxxxxxx	xxx	xxx
<i>[Other as per budget]</i>	xxxxxxx	xxx	xxx
Total Capital		xxx	<u>xxx</u>

3. Unspent grant liability (1 – 2)

xxx

(to be prepared by ICC staff before sending out the kit)

ATTACHMENT C

2007/2008 Funding Releases

The following is a summary of the funds released to your organisation in 2006/2007.

Activity No 111111 - <description of activity>

\$xxxxxx (funding) + \$yyyyy (GST) = \$zzzzz

Activity No 222222 - <description of activity>

\$xxxxxx (funding) + \$yyyyy (GST) = \$zzzzz

Activity No 333333 - <description of activity>

\$xxxxxx (funding) + \$yyyyy (GST) = \$zzzzz

Also attached is the final budget for each activity.

This information is provided for your auditor's information and to assist your organisation.

THE AUDITOR'S CHECKLIST

Has the following information been included in the audit:

1. A statement, either as a note to the accounts or as a statement, detailing the amounts of individual funding that are unexpended, repayable or in advance (these should be included in the current liabilities); and
2. In the case of a funds acquittal report:
 - (a) a funds acquittal statement for each funded activity, including:
 - (i) a separate Statement of Financial Performance (or receipts and payments statement) compared with the approved budget (including any unexpended funds brought forward, interest and activity generated income) (an example is at Attachment B);
 - (ii) capital items acquired with funding reported against budget line items;
 - (iii) where the financial statement has been prepared on a cash basis, a detailed list of debtors and creditors; and
 - (iv) a statement reconciling the balance of the funds provided to the funds remaining in the financial institution account.
 - (b) If the organisation received CDEP Wages funding, confirmation that the CDEP wages funding was used only to pay participants' wages, in compliance with the CDEP Program Specific Conditions.
 - (c) Verification of the existence of the required Funds Account or Accounts, and in particular comment on and document any transactions in this account which do not directly relate to the receipt of Australian Government funding, interest earned, activity generated revenue and payments relating to approved budget items.
 - (d) Certification that:
 - (i) the Statement of Financial Performance for each activity presents the financial transactions fairly in accordance with applicable accounting standards and other mandatory professional reporting requirements and is based on proper accounts and records;
 - (ii) all Assets with a purchase or construction cost of \$5,000 (GST inclusive) or more, acquired with Australian Government Funds, have been insured with an insurer recognised by the Australian Prudential Regulation Authority or regulated by a State/Territory Auditor-General; and

- (iii) the organisation is maintaining an Assets Register of assets acquired with grant funds where the purchase or construction cost of the asset exceeds \$5,000 (GST inclusive).

3. In the case of an annual audited financial report:

- (a) Provision of the Auditor's Management Letter or detailed report to the Funds Recipient's management which includes:
 - (i) specific comment on the adequacy of financial controls being maintained by the Organisation;
 - (ii) specific comment on the discharge of the organisation's statutory obligations, especially in relation to meeting taxation obligations in terms of provisions and payments;
 - (iii) specific comment on the financial position of the Organisation as it relates to any issues affecting the ability of the Organisation to repay surplus Australian Government Funds or complete the approved activity with available funds; and
 - (iv) where there are audit qualifications, an outline of the reason(s) for the qualifications and the remedial action recommended.

4. Submission of the financial statements, management letter and independent audit report to the organisation's management no later than < *insert date* > 2008 or other date stated in the Terms and Conditions.