

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2012-2013**

Cross Portfolio

DEEWR Question No. EW0559_13

Senator Siewert provided in writing.

Question

Contracts with NFPs

Of the total number of funding agreements with NFP entities - how many required the grants to be acquitted with an audited financial statement? What factor or factors are used to determine whether a particular grant requires a financial acquittal with an audited financial statement? In relation to these grants how much money is spent on audited financial statements? Does a grant that has been acquitted with an audited financial statement improve the quality of the outcomes sought from the grant? If so, how? Are grant recipients expected to bear the cost of compliance and reporting obligations or are these provided for in the grant? There are a range of compliance and reporting obligations stipulated in funding agreements used to monitor the delivery of outcomes from a grant. Has your department costed those obligations and if so what inputs are included in the calculation? Is there an Act or regulation that the Department could cite that states the requirement to acquit a government grant using an audited financial statement?

Response

Question:

Of the total number of funding agreements with NFP entities - how many required the grants to be acquitted with an audited financial statement?

Answer:

All DEEWR funding agreements (grants) with the exception of those with a value less than \$10,000 are required to be acquitted with an audited financial statement. Funding agreements (grants) with a value less than \$10,000 require a statutory declaration together with receipts or other documents to verify expenditure of the funding.

Question:

What factor or factors are used to determine whether a particular grant requires a financial acquittal with an audited financial statement?

Answer:

The audited financial statement verifies that the funds have been used for the purposes set out in the funding agreement. It also provides the mechanism for determining the repayment of unspent funds.

Question:

In relation to these grants how much money is spent on audited financial statements?

Answer:

DEEWR does not collect this information from the grant recipients.

Question:

Does a grant that has been acquitted with an audited financial statement improve the quality of the outcomes sought from the grant?
If so, how?

Answer:

It is not the function of audited financial statements to improve the quality of outcomes. It is to provide accountability in the use of public money.

Question:

Are grant recipients expected to bear the cost of compliance and reporting obligations or are these provided for in the grant?

Answer:

The funding recipient would be expected to bear the cost of compliance and reporting obligations.

Question:

There are a range of compliance and reporting obligations stipulated in funding agreements used to monitor the delivery of outcomes from a grant. Has your department costed those obligations and if so what inputs are included in the calculation?

Answer:

The department has not calculated the cost of compliance and reporting obligations stipulated in the funding agreements (grants). It is up to the funding recipient to determine these costs in their own circumstances in deciding whether or not to accept the funding agreement as offered.

Question:

Is there an Act or regulation that the Department could cite that states the requirement to acquit a government grant using an audited financial statement?

Answer:

We are not aware of a general provision in a Commonwealth Act or Regulation that requires grants and funding provided by the Commonwealth to not-for-profit entities to be acquitted by way of an audited financial statement. The Commonwealth Grant Guidelines provide a framework in which to make decisions regarding the stringency of acquittal arrangements based on an assessment of risk.