

COMMISSIONED SERVICE PROVIDER FINANCIAL REPORTING PROCESS FACT SHEET

(For external use)

This Fact Sheet covers:

1. Overview of the commissioned services deliverables requirements for *Annual budget* and *Quarterly financial acquittal* reports including location of templates.
2. Overview of the commissioned services *Annual Financial Reporting* requirements deliverables including the audited *General Purpose Financial Statements*, an audited *Annual Financial Acquittal Report* or a signed *Financial Declaration*
3. How financial year surpluses are managed
4. Timeline for when financial deliverables are due

DOCUMENT CONTROL

Managed by: Finance Manager	Approved by: Finance Manager	Version: 1.1
Next review date: 09/05/2025	Date approved: 09/05/2024	Status: Final

REVISION RECORD

Date	Version	Revision Description
09/05/2024	1.1	Added information regarding benchmarking for expense budget, added contents.

1. ANNUAL BUDGET AND QUARTERLY FINANCIAL ACQUITTAL REPORT

Most commissioned service providers have the following deliverables in their Head Agreement and/or Schedules -

- an annual budget by 14 July each year. The budget shows the expected annual funding and expected annual expenditure for the financial year. For new activities there may also be specific establishment funding that requires its own separate budget.
- an unaudited quarterly financial acquittal report within 14 days of the end of the previous quarter i.e. 14 October, 14 January, 14 April, and 14 July. This financial acquittal report is where the provider reports their actual funding and actual expenditure for each quarter.

The same template is used for both the budget and the quarterly financial acquittal report (see Appendix A) i.e. service providers should submit their budget on the template (there is a section at the bottom of the template for an establishment budget, if applicable), and then use that same document to populate their financial acquittal report information.

Note that all the subtotal and total fields contain formulas so should not be touched – this will ensure everything adds correctly.

The template to complete the annual budget can be found on the GCPHN website - refer here -

[Contracting and Performance - Gold Coast Primary Health Network \(gcphn.org.au\)](http://gcphn.org.au)

The link is included in all service provider agreements. The preferred approach is for providers to complete this template with annual funding, including any approved prior year surplus funds, and expected annual expenditure for the financial year and then input actual expenditure, per quarter, throughout the year.

All amounts in these reports must be GST exclusive.

1.1. Annual Budget

- **INCOME**
 - the total annual funding in the annual budget column must agree to the total annual funding per the most recently executed agreement/variation, including any provider prior year surpluses that GCPHN has approved to carry over.
- **EXPENSES**
 - **General Guidance**
 - the total budgeted annual expenditure equals total annual funding i.e. there should be no surplus or deficit (unless pre-approved by GCPHN).
 - Budget revisions - where there is a variation to the funding amount done mid-financial year, an updated annual budget should be submitted with the financial acquittal report due for the next quarter.
 - the type of expenses budgeted are appropriate for the activity. e.g.
 - there may be a budget for travel when there is no reason for staff to be travelling.
 - There may be *no* budget for professional development when there should be.
 - No expense line item should be called “other” – any “other” expenses need to be listed.

Direct Operating Expenses

Salaries, Wages, Direct Labour costs (benchmark of at least 70-75% of the total budget for service delivery activities)

- It is made up of all direct labour costs such as salary, wages, sub-contractor fees, on-costs (e.g. superannuation) etc.
- the number of FTE must be provided and the salaries should be reasonable for that number (you can divide the salary by the number of FTE to get average salary per FTE – how appropriate this average is will depend on the type of staff employed)

Travel Expenses

- Ensure travel costs are only budgeted if they are appropriate for the activity

Other Direct Expenses

- Any costs that are directly attributable to the activity and to the service delivery staff e.g.
 - Phones
 - Activity resources
 - Rent & other occupancy costs for a dedicated service delivery space
 - IT costs
- A benchmark for this component of the program is typically to be no more than 5%, however this might differ if a program is required to source or acquire a new site or new equipment specifically for the program in which case a specific Establishment Budget would be provided.
- The PHN's standard Program Schedule requires that funding should not be used to purchase assets valued over \$10k without written approval from PHN.

Other Operating Expenses

Indirect Program Expenses

- Any costs that are not direct service delivery-specific but can be directly attributable to running the activity- e.g. marketing, communications, printing

Administration & Overhead Expenses (benchmark of 10-15% of the total budget)

- Relates to costs not incurred in service delivery, such as accommodating non-service delivery staff (rent, electricity, IT costs), marketing, insurance, office supplies, accounting costs,
- Management costs – corporate costs to manage the program or service

Establishment Expenses

- If a new service is being established, one-off funding for Establishment Expenses will be provided.
- Costs may include recruitment and salaries for staff setting up the service, in addition to lease fit-outs, purchases of computer and other office equipment etc.
- Providers must seek approval from GCPHN to roll-over any unspent establishment funding into the ongoing operational budget.

1.2. Quarterly Financial Acquittal Report

- **Income**
 - the funding received up to the end of the relevant quarter must agree to the funding paid by GCPHN
 - any approved provider prior year surplus should be reported in the quarter that the surplus was approved via a schedule variation/letter – usually Q1 or Q2.
- **Expenditure**
 - expenditure up to the end of the relevant quarter should be reasonable – e.g. at the end of Quarter 2, it would be expected that approximately 50% of the annual budget has been spent. Significant variances should be accompanied by an explanatory note.

2. ANNUAL FINANCIAL REPORTING

The Head Agreement for each commissioned service provider also includes a deliverable for **audited General Purpose Financial Statements, and an audited Annual Financial Acquittal Report** or a **signed Financial Declaration** by 30 November each year (note this has been extended from 30 September).

- **Audited General Purpose Financial Statements** is the financial report of the service provider's business as a whole that has been audited by an external auditor. An example of what this would look like is the GCPHN financial report, which you can find on the website here – [Annual Reports - Gold Coast Primary Health Network \(gcphn.org.au\)](http://gcphn.org.au)
- **Audited Annual Financial Acquittal Report** is simply the **Budget and Quarterly Financial Acquittal Report** for Quarter 4 that has been audited. It requires an external auditor to confirm in writing that the funding has been spent appropriately. The acquittal report or an attached audit letter must be signed by the auditor.
- **Signed Financial Declaration** is a one page document where the provider declares the amount of unspent funds (if any) at the end of the financial year, signed by an authorised provider representative. See Appendix B.

Most service providers will already have a requirement to have their financials audited as a requirement of the Australian Charities and Not-For-Profits Commission (ACNC) and/or if they are directly funded by the Commonwealth Government, so providing an audited financial acquittal report and audited general purpose financial statements should not be onerous or unexpected for providers for GCPHN to request.

This is the default requirement of GCPHN, however there may be some small providers who have no other audit requirement and depending on the amount of funding that GCPHN provides and/or the nature of the activity, GCPHN may advise (by exception) that the following will suffice –

- **audited general purpose financial statements** and a **signed Financial Declaration**, or
- a **signed Financial Declaration** only

3. PROVIDER YEAR END SURPLUS

If a provider reports a surplus on the quarter 4 financial acquittal report (that is, the amount of unspent funding at 30 June), GCPHN must approve that surplus to be carried forward into the following financial year. Occasionally GCPHN will request that the provider return the surplus funding e.g. –

- the activity cannot be continued beyond 30 June because the DOHAC funding stream has ended
- GCPHN has identified another activity that the funding may be better spent on
- the provider has under-performed
- the provider is unable to demonstrate that they can use the funds suitably in the following year

For GCPHN approval, the provider must advise how the surplus funds will be spent by 30 June the following year. If approved –

- if the surplus is over \$5,000, a variation is issued
- if the surplus is under \$5,000, a letter to the provider confirming approval is sufficient.

Ideally the variation or letter will not be issued until the audited financial acquittal report is received, as occasionally the surplus reported in that report will be different to the surplus reported in the Q4 (unaudited) report, due to changes required from the audit.

If the unaudited surplus is significant however, the variation may need to be issued earlier and then another variation issued on receipt of the audited report if the surplus changes.

4. TIMELINE OF FINANCIAL DELIVERABLES

4.1. Annual budget

- For new agreement/execution of variation – due on execution
- For continuing agreements that run over a number of years – due 14 July of each year

4.2. Quarterly Financial Acquittal Report

- The 14th day of the month following the end of the quarter – 14 October, 14 January, 14 April, 14 July

4.3. Unaudited Annual Financial Acquittal Report

- As the quarterly financial acquittal report received for Quarter 4 by 14 July covers the full financial year this is *also* serves as the unaudited annual Financial Acquittal.

4.4. Audited General Purpose Financial Statements and Audited Annual Financial Acquittal Report and/or signed Financial Declaration

- 30 November each year (this has been extended from 30 September).

APPENDIX A

Link: [Contracting and Performance - Gold Coast Primary Health Network \(gcpnh.org.au\)](http://gcpnh.org.au)

GOLD COAST PRIMARY HEALTH NETWORK									
TEMPLATE - ANNUAL BUDGET AND QUARTERLY FINANCIAL ACQUITTAL REPORT							Note: Please ensure that this report is submitted to GCPHN in this Excel format and as a file and not a PDF. Thank you		
REPORTING PERIOD:		From:							
		To:							
Contractor Name:									
Program/Service Name:									
	FTE	ANNUAL BUDGET	ACTUALS				YTD ACTUAL TOTAL	VARIANCE TO BUDGET	YTD ACTUALS AS % OF ANNUAL BUDGET
			Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun			
FUNDING									
GCPHN							0	0	0.0%
Approved GCPHN funding surplus from prior year (if applicable)							0	0	0.0%
Other (please specify)							0	0	0.0%
TOTAL FUNDING		0	0	0	0	0	0	0	0.0%
OPERATING EXPENSES									
DIRECT OPERATING EXPENSES									
Employment Expenses									
Salaries & superannuation							0	0	0.0%
Professional Development							0	0	0.0%
Recruitment							0	0	0.0%
Other							0	0	0.0%
Total Employment Expenses		0	0	0	0	0	0	0	0.0%
Travel Expenses									
Car expenses							0	0	0.0%
Other travel							0	0	0.0%
Total Travel Expenses		0	0	0	0	0	0	0	0.0%
Other Direct Expenses									
Please list -							0	0	0.0%
							0	0	0.0%
							0	0	0.0%
Total Other Direct Expenses		0	0	0	0	0	0	0	0.0%
TOTAL DIRECT OPERATING EXPENSES		0	0	0	0	0	0	0	0.0%
OTHER OPERATING EXPENSES									
Indirect Program Expenses									
Marketing, communications, printing							0	0	0.0%
Training							0	0	0.0%
IT Support/Hardware							0	0	0.0%
Other							0	0	0.0%
Total Indirect Program Expenses		0	0	0	0	0	0	0	0.0%
Administration & Overhead Expenses									
Admin/office expense allocation							0	0	0.0%
Other (please list) -							0	0	0.0%
							0	0	0.0%
Total Admin & Overhead Expenses		0	0	0	0	0	0	0	0.0%
TOTAL OTHER OPERATING EXPENSES		0	0	0	0	0	0	0	0.0%
TOTAL OPERATING EXPENSES		0	0	0	0	0	0	0	0.0%
ESTABLISHMENT EXPENSES (if applicable)									
Staffing Expenses									
Salaries & on-costs							0	0	0.0%
Recruitment							0	0	0.0%
Other							0	0	0.0%
Total Staffing Expenses		0	0	0	0	0	0	0	0.0%
Other expenses									
Computer purchases							0	0	0.0%
Office equipment purchases							0	0	0.0%
Other (please list) -							0	0	0.0%
							0	0	0.0%
Total Other Expenses		0	0	0	0	0	0	0	0.0%
TOTAL ESTABLISHMENT EXPENSES		0	0	0	0	0	0	0	0.0%
GRAND TOTAL ALL EXPENSES	0	0	0	0	0	0	0	0	0.0%
SURPLUS/(DEFICIT)		0					0	0	

APPENDIX B

Link: [Contracting and Performance - Gold Coast Primary Health Network \(gcphn.org.au\)](http://gcphn.org.au)

Financial Declaration Template

INSTRUCTIONS: To be submitted if your organisation is not required to prepare an Audited General Purpose Financial Statement. Please complete this template and submit via email to commissioning@gcphn.com.au

FINANCIAL DECLARATION

Activity Name: _____

Service Agreement Number: _____

Entity Name: _____

Funding amount (excl GST): \$_____ (As per the Funding Agreement and any Variations)

Are there any unspent funds? Yes No

If yes, please state amount: \$ _____

I verify:

That I am authorised by the rules governing the above entity to provide this statement in respect of those funds and that:

- the funding referred to above was spent in accordance with the Terms and Conditions under which the funding was provided;
- the activities for which funding was provided were completed as described in the schedule(s) to the funding agreement; and
- all records of financial transactions relating to the funding will be kept for 5 years or the minimum prescribed by any legislation under which the organisation falls e.g. Incorporated Associations Act, Tax Act etc.

Signed: _____ Date: _____

Name: _____

Position: _____

Giving false or misleading information is a serious offence.
