

Annual Grant Funding Accountability Report (AGFAR) Explanatory Notes

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Financial Accountability

Introduction

Grant funding provided to organisations are public funds, and Homes Tasmania is accountable under the *Financial Management Act 2016*, Treasurer's Instructions, and ultimately to Government for their proper use.

Funded organisations must report their financial status to assure Homes Tasmania that funds are being used appropriately, the organisation remains financially viable, and it can continue delivering the funded services.

Scope

These explanatory notes apply to organisations with grant funding arrangements requiring a financial acquittal through an Annual Grant Funding Accountability Report (AGFAR).

The notes provide an overview of policy requirements and guidance to support accurate completion and lodgement of AGFARs, helping organisations meet the financial reporting obligations of the Grant Deed.

Financial obligations

Under the Grant Deed organisations are obliged to keep comprehensive and accurate accounts and records of how funds are used. These must be clearly identifiable and separate from the organisation's other financial records.

Accounting practices

Organisations must follow all applicable Australian Accounting Standards unless otherwise agreed and maintain records in accordance with generally accepted accounting practices.

The following accounting standards are recommended to medium to large Not-for-Profit organisations:

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| AASB 13 | Fair Value Measurement |
| AASB 15 | Revenue from Contracts with Customers |
| AASB 16 | Leases |
| AASB 101 | Presentation of Financial Statements |
| AASB 102 | Inventories |
| AASB 110 | Events After Reporting Date |
| AASB 116 | Property, Plant and Equipment |
| AASB 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| AASB 136 | Impairment of Assets |
| AASB 137 | Provisions, Contingent Liabilities and Contingent Assets |
| AASB 1004 | Contributions |
| AASB 1058 | Income for Not-for-Profit Entities |
| AASB 1059 | Service Concession Arrangements: Grantors (limited application) |

Reporting

Under Attachment 6: Reporting Obligations of the Grant Deed, organisations must submit the following reporting to Homes Tasmania by 31 October after the end of each financial year:

- a. A completed AGFAR, including an Organisation Certification signed by the Treasurer and Chairperson confirming that funds were received and used for their approved purpose. If multiple AGFARs are submitted, a single certification may be used if it clearly identifies the relevant grants.
- b. Where total grant funding exceeds \$100,000, a certificate signed by an Approved Auditor confirming the AGFAR is properly drawn up and reflects a true and fair view.
- c. A signed copy of the organisation's financial statements (balance sheet and income statement), including a signed audit opinion from an Approved Auditor.

Explanatory notes for the Annual Grant Funding Accountability Report (AGFAR)

Homes Tasmania provides standard reporting forms to meet annual grant acquittal requirements under the *Financial Management Act 2016* and associated Treasurer's Instructions.

Organisations must submit an Annual Grant Funding Accountability Report (AGFAR) using the approved form. Cash-based reporting is no longer accepted.

The AGFAR must be completed for each grant received from Homes Tasmania, as listed in Item 3 of the information table in the Grant Deed.

Organisations preparing an AGFAR must comply with applicable Australian Accounting Standards and ensure that all required sections of the form are completed.

AGFAR template

Homes Tasmania will provide a prepopulated AGFAR template for each acquittal required. Please use the details below to assist in completing the AGFAR.

| Section | Information requested |
|----------------------------|---|
| Cover | This cover page is for recording organisation details and provides instructions regarding the submission of the AGFAR and financial reporting through an annual accountability submission. |
| Data | <p>This page is for recording income and expense items related to grant funding provided. It is the Annual Grant Funding Accountability Report.</p> <p>Detailed drafting notes are provided in this document for correctly recording income and expenditure on this page.</p> |
| Organisation Certification | <p>The organisation certificate must be signed by the Chair/President and Treasurer to certify:</p> <ul style="list-style-type: none">• that grant funds have been used for the purpose intended• that the accountability report has been prepared in a true and fair manner as required by Homes Tasmania• compliance with the conditions of the Grant Deed• the organisation is financially viable and can continue providing services. |
| Auditor's Statement | <p>This auditor's statement must be signed by an appropriately qualified auditor such as a CPA, CA, NIA or auditor approved by Consumer Affairs.</p> <p>To provide reasonable assurance from an independent body that:</p> <ul style="list-style-type: none">• the statements submitted have been prepared in accordance with these guidelines• proper accounts and records have been kept. |

Income section

Use this section to report all income received for delivering the approved purpose of the Grant Deed.

References (e.g. R1, E1) correspond to reporting items in the AGFAR template. All amounts should be reported *excluding* any GST.

| Information requested | | How to respond and additional information |
|-----------------------|----------------------------------|--|
| R1 | Prior Year Funds Carried Forward | Enter the amount of unspent funds carried forward from the previous financial year (Item S5 Funds Carried Forward). For the first year of a Grant Deed, only include funds if they remain unexpended from a previous deed. <i>This field is pre-populated in the AGFAR template and must not be changed without approval from Homes Tasmania.</i> |
| R2 | Grants Repaid | Enter the total amount of grant funds repaid to Homes Tasmania as surplus or unexpended funds in the financial year. <i>This field is pre-populated in the AGFAR template and must not be changed without approval from Homes Tasmania.</i> |
| R3 | Funds Brought Forward | Review this calculated field, which equals R1 Prior Year Funds Carried Forward minus R2 Grants Repaid . |
| R4 | Grant Funds | Enter the total grant funds (excluding GST) received under the current Grant Deed. <i>This field is pre-populated in the AGFAR template and must not be changed without approval from Homes Tasmania.</i> |
| R5 | Interest on Grant Funds | Enter any interest earned on grant funds, including amounts set aside for employee entitlements or other provisions. If interest was earned across multiple funding sources, apportion the relevant amount to this Grant Deed. |
| R6 | Client fees and Other Income | Enter any income received from clients (e.g. boarding fees, rent) and any reimbursements or claims from Homes Tasmania or other sources that relate to this Grant Deed. Exclude any amounts that should be reported in R4 Grant Funds. |
| R7 | Total Service Income | Review this calculated field, which equals R4 Grant Funds plus R5 Interest on Grant Funds plus R6 Client Fees and Other Income . |
| R8 | Net Fundraising Income | If applicable, enter the net amount of fundraising or donations income (income minus related expenses). This is optional but must be net to avoid overstating the operating result. |
| R9 | Total Operating Income | Review this calculated field, which equals R7 Total Service Income plus R8 Net Fundraising Income . |
| R10 | Total Funds Available | Review this calculated field, which equals R3 Funds Brought Forward plus R9 Total Operating Income . |

Expenditure section

Use this section to report all expenditure related to delivering the approved purpose of the Grant Deed.

References (e.g. R1, E1) correspond to reporting items in the AGFAR template. All amounts should be reported *excluding* any GST.

| Information requested | How to respond and additional information |
|-----------------------------------|---|
| E1 Accountancy & Audit Fees | <p>Enter the amount of accountancy & audit fees expended.</p> <p>These are fees paid to external professionals who provide accounting services such as preparing financial statements, conducting audits, and ensuring compliance with regulations. These services support accurate financial management and accountability and are typically performed by contracted experts rather than internal staff.</p> |
| E2 Brokerage & Purchased Services | <p>Enter the amount of brokerage and purchased services expended.</p> <p>Brokerage refers to the arrangement or negotiation of services on behalf of a client, in full consultation with the client and/or their carer. A broker coordinates with various organisations and individuals to provide integrated services for clients. Use this category to report significant services delivered through sub contractual arrangements that would typically be provided by employees, such as major catering, cleaning, or similar services.</p> |
| E3 Depreciation | <p>Enter the amount of depreciation expended.</p> <p>Depreciation should be determined in accordance with Australian Accounting Standard AASB 116 Property, Plant and Equipment.</p> <p>Any fixed non-current assets purchased from grant funds are required to be depreciated. Depreciation represents the allocation of the cost of any long-lived asset over its useful life.</p> <p>Annual depreciation charges must be calculated using methods consistent with AASB 116, for example straight-line or reducing balance methods based on the purchase cost or fair value of the asset.</p> |
| E4 Insurance | <p>Enter the amount of insurance expended.</p> <p>These costs cover premiums paid for insurance policies directly related to delivering the funded service. This includes public liability, professional indemnity, asset insurance, and any other relevant coverage that protects the organisation and supports safe program delivery.</p> |
| E5 Rent & Property Lease Costs | <p>Enter the amount of rent & property lease costs expended.</p> <p>These costs cover payments made to lease or rent property and premises used to support the delivery of the funded service. This includes office spaces, program delivery locations, storage facilities, or any other leased venues necessary for operations. Such arrangements enable the organisation to maintain a suitable environment for service provision without ownership of the property.</p> |
| E6 Repairs & Maintenance | <p>Enter the amount of repairs & maintenance expended.</p> <p>These costs cover expenses for repairs and routine maintenance of property, equipment, or assets used in delivering the funded service.</p> |

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| | | This includes servicing, minor repairs, and ongoing upkeep needed to maintain safe, functional, and effective operations. |
| E7 | Salaries & Wages Plus On Costs | <p>Enter the amount of salaries & wages plus on costs expended.</p> <p>These costs include the total amount paid to employees directly involved in delivering the funded activity. This includes base salaries, wages, and employment-related on costs such as, leave entitlements, payroll tax, and workers compensation. Do not include superannuation or contractor payments.</p> |
| | Provisions for Employee Entitlements (E8, E9, 10) | <p>Record here expenses reflecting the net change in employee entitlement liabilities between the current and prior years. Actual payments to employees should not be recorded as expenses but charged directly against the liability in the Balance Sheet or Statement of Financial Position.</p> <p>These provisions must comply with Australian Accounting Standard AASB 119 <i>Employee Entitlements</i>, with accounting policies disclosed in the Notes to the Annual Financial Statements.</p> <p>TOIL and Flex provisions can only be claimed if included in the organisation's Industrial Agreement and if the balances are vested.</p> |
| E8 | Provision for Annual Leave | <p>Enter the amount of provision for annual leave expended.</p> <p>This liability should be measured on a nominal basis using current wage and salary rates for each employee, including any applicable loadings (e.g. 17.5% leave loading). The provision reflects the cost the organisation would incur if all accrued annual leave entitlements were taken at the reporting date.</p> |
| E9 | Provision for Long Service Leave | <p>Enter the amount of provision for long service leave expended.</p> <p>Any liability due to be paid or is due and could be paid within the next 12 months of the reporting date should be measured on a nominal basis. Under AASB 119 non-current long service leave liabilities shall be measured as the present value of the estimated future cash outflows to be made by the employer in respect of services provided by employees up to the reporting date. The recommended method for estimating long service leave involves a complex and detailed calculation based on employee records over an extended period to determine the probability that an employee will become eligible for long service leave in the future.</p> <p>It is permitted however for organisations to use a "rule of thumb" method which approximates the long service leave liability. For example, an organisation may calculate the long service leave liability based on the entitlements for all employees who have been employed for 7 or more years for a 15-year long service leave scheme. Other formulae based on staff turnover experiences could also be used.</p> <p>It is important that any estimate is a reasonable approximation of the liability due and should consider the probability that employees may leave an organisation before they become eligible for long service leave. Generally, organisations that accrue long service leave liabilities for each employee from the date of commencing employment tend to overstate the likely liability and therefore, set aside funding that would otherwise be available for delivery of services.</p> |

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| <p>E10 Other Employee Provisions</p> | <p>Enter the amount of other employee provisions expended.</p> <p>The details relating to these expenses must be specified as directed on the AGFAR template.</p> <p><u>Sick Leave</u></p> <p>Sick leave entitlements fall into two broad categories:</p> <ul style="list-style-type: none"> • vesting sick leave entitlements, which accumulate and vest in a similar manner to annual leave entitlements • non-vesting sick leave entitlements, which may accumulate in a similar manner to annual leave entitlements, but do not vest and are paid only upon a valid claim for sick leave by an employee. <p>Vesting sick leave is of the same nature as annual leave and should be recorded on a nominal basis. It is generally unlikely that organisations will have vesting sick leave arrangements in place. If an amount is claimed at E10, the Organisation may be required to provide evidence that vesting sick leave forms part of their Industrial Agreement.</p> <p><u>Provision for Termination, Retrenchment or Redundancy</u></p> <p>The recognition of liabilities relating to termination, retrenchment or redundancy of employees depends on the existence of a present obligation of the employer as at the reporting date and when, and only when the employer is obliged to make such payments to employees. For example, where an award covers retrenchment or redundancy payments and an employer has taken sufficient actions under that award so that employees will be retrenched or made redundant, a present obligation to employees will usually exist. Factors indicative of a present obligation that is binding on the employer may include a negotiated agreement with employees or their representatives and a public announcement by the board of directors or other governing body of the employer.</p> <p>In addition, it must be probable that settlement of liabilities relating to retirement, termination, retrenchment or redundancy payments will be required and that they can be reliably measured.</p> <p>There will be few situations where organisations are required to provide for termination, retrenchment or redundancy costs. On occasions specific programs may be subject to review or reform that may necessitate changes to funding or a restructure of services to be provided. In these instances, it is likely that assistance will be provided to organisations to adjust to any new service requirements, which may also include staff restructuring. Organisations should recognise a liability where an obligation exists at reporting date to pay redundancy costs as a result of a service review.</p> <p>A number of organisations have provided for redundancy costs for all employees as a contingency in the event that payment may be required if a Grant Deed expires, or funding is withdrawn. This circumstance does not meet the definition of a liability as outlined in AASB 119 since there is no present obligation to make payments to employees. Redundancy costs of this nature should not be accrued or expended for the preparation of the AGFAR.</p> |
| <p>E11 Other Provisions</p> | <p>Enter the amount of other provisions expended.</p> |

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| | <p>The details relating to these expenses must be specified as directed on the AGFAR template.</p> <p>This item is used to record costs associated with any other provision liability not already disclosed in separate expense items E8, E9 and E10. The item should not include items such as food, supplies and materials.</p> <p>Some organisations put funds aside for future asset replacement or maintenance costs or project costs (for example office relocation). The nature of these items involves a significant discretionary element on the part of management and do not therefore fall into the category of liabilities and expenses. Whilst it may be prudent to make allowance for these future commitments it is not permitted under Australian Accounting Standards to disclose these amounts as liabilities or to record any movements in these provisions in the profit or loss statement.</p> <p>Organisations can however identify any commitments as a “below the line” appropriation of profit and disclose a Reserve as part of Equity in the Statement of Financial Position/Balance Sheet. Commitments of this nature should be detailed when advising Homes Tasmania of any surplus funds.</p> |
| E12 Sub-contractors | <p>Enter the amount of funds expended on sub-contractors.</p> <p>This includes funds paid to external individuals or organisations engaged under contract to deliver specific parts of the funded service.</p> |
| E13 Superannuation | <p>Enter the amount of superannuation expended.</p> <p>This includes all contributions to employees' superannuation accounts, in addition to salaries and wages.</p> |
| E14 Other Expenditure | <p>Enter the amount of other expenditure expended.</p> <p>The details relating to these expenses must be specified as directed on the AGFAR template.</p> <p>This item may include an allocation of administrative costs not charged directly to a specific service where organisations deliver several different programs or services. Typically, organisations pool central or corporate administrative costs or overheads such as CEO/management salaries, payroll costs and general administrative office expenses. Costs are allocated to services via a charge out method using an appropriate base (e.g. total grants received or total revenue) and may be processed through a clearing account or by some other allocation means.</p> <p>This item also includes any other expenses that cannot be readily allocated to Items E1 – E13.</p> |
| E15 Total Expenditure | <p>Review this calculated field, which equals the sum of E1 through to E14.</p> |

Summary section

| Information | | Explanation |
|-------------------------------------|-----------------------------------|---|
| S1 | Total Operating Income | R9 Total Operating Income inserted. |
| S2 | Total Expenditure | E15 Total Expenditure inserted. |
| S3 | Operating Surplus/Deficit | Calculated. S1 Total Operating Income minus S2 Total Expenditure |
| S4 | Funds Brought Forward | R3 Funds Brought Forward inserted. |
| | Provisional Funds Carried Forward | Calculated. S3 Operating Surplus/Deficit plus S4 Funds Brought Forward |
| | Adjustment to Carry Forward | Insert any manual adjustments to carry forward. Please include details of what these are. |
| S5 | Funds Carried Forward | Calculated. Provisional Funds Carried Forward plus Adjustment to Carry Forward |
| S6 | Fundraising Income | R8 Net Fundraising Income inserted. |
| S7 | Service Operating Surplus/Deficit | Calculated. S3 Operating Surplus/Deficit minus S6 Fundraising Income |
| S8 | Total Service Income | R7 Total Service Income inserted. |
| S9 | % Service Income | Calculated. (S7 Service Operating Surplus/Deficit divided by S8 Total Service Income) x 100 |
| Unspent/Overspent Funds Explanation | | Please include an explanation if grant funding is underspent or overspent by more than 5%. Examples include issues with recruiting staff, reduced demand for services, increased costs. |