

Financial reporting requirements under your Service Agreement

Under a social services contract to deliver youth justice services with the Department of Youth Justice and Victims Support (the department), you are accountable for the funding you receive and the services you deliver on the department's behalf.

Your contract requires you to financially report to the department via acquittal statements periodically and annual statements and reports.

To find the financial reporting requirements for your contract, you should read your:

- Service Agreement – Funding and Service Details
- Funding Schedule, and
- [Service Agreement - Standard Terms](#).

Compliance with the requirements of your contract is necessary to meet your financial reporting obligations under the contract.

Types of financial reports

Periodic acquittals

You are required to complete periodic financial acquittals to the department to report on how you have used the funding you have received. For this you will need to keep appropriate financial records. You must be able to fully account for all funding provided by submitting relevant and accurate financial reports via the department's contract management system Procure 2 Invest (P2i).

Refer to your contract for your periodic financial reporting requirements, including any timeframes you must meet.

Annual reporting

On an annual basis, you are required to provide the department separate audited financial reports at organisation and contract service levels:

- Organisation annual financial reporting requires you to report on the financial health for the whole of your organisation. This is called an audited annual financial statement (AFS).
- Contract service-level annual financial reporting requires you to report against the funding your organisation received from the department under the contract. This is called an annual acquittal statement (AAS).

Annual reports must be independently audited. Independent audits must comply with the *Australian Audit Standards*, which are issued by the Auditing and Assurance Standards Board (AUASB).

Your audited annual reports must be submitted within 180 days of the end of the financial period. For financial year reporting, this will generally be at the end of December.

General financial reporting requirements

Reporting entity

Under your contract, you are considered to be a 'Reporting Entity'. While you may prepare financial reports as a 'Non-reporting Entity' for other purposes, the contract requires you to provide the department financial statements and reports as a 'Reporting Entity' as defined in the Australian Accounting Standards Board (AASB) *Statement of Accounting Concepts* (SAC1).

The department requires your financial statements and reports to comply with relevant AASB *Australian Accounting Standards*. You are required to submit financial reports in the form of either a 'General Purpose Financial Report' or 'Special Purpose Financial Report'.

Accrual accounting

You are required to use accrual accounting to prepare your financial statements and reports under your contract.

Accrual accounting is the method where transactions are recorded when they occur, rather than when cash is received or paid. This means that revenues and expenses are recognised in the period in which they are earned or incurred, regardless of when the associated cash flows happen. This provides a more accurate picture of your financial performance and position.

The use of commitments or accrued expenses in financial reporting must be disclosed in your financial statements and reports in accordance with the AASB *Australian Accounting Standards*.

Managing reporting and compliance

Your organisation needs to adequately manage its contract funding and reporting requirements in accordance with the requirements of your contract.

This factsheet provides general information only. Your contract outlines the details your financial reporting requirements, including any timeframes (reporting periods) you must meet. Failure to report accurately and/or within timeframes may result in the department withholding all or part of a payment, suspending, or terminating services.

Staff at organisation and service levels should work together to ensure financial reports and statements are accurate and compliant with contract requirements before submitting to the department.

Getting advice

The department is unable to provide you with financial reporting advice. If required, you may seek further advice from your organisation's internal services, or from your external accountant or auditor.

Want to know more?

The basics of financial management for a business can be accessed from <https://www.business.qld.gov.au/running-business/finance>. Find more information about financial reporting from [AASB Statement of Accounting Concepts](#) and [AASB Australian Accounting Standards](#).