# Example: Requirements for supporting documentation

## Foreword

The financial statements are based on accounts and records. There should be a clear management trail of supporting evidence indicating how each item in the financial statements is derived and/or substantiated.

All supporting documentation should be reviewed by the preparer before being signed-off as complete to ensure that:

- the balance per the supporting documentation agrees to the balance per the financial statements; any reconciliations included have evidence of independent review;
- any reconciling items in reconciliations have been appropriately adjusted, with a link provided to evidence of the adjustment, or if unadjusted the impact of the non-adjustment on the balance has been assessed and determined to be immaterial;
- the documentation includes the full title, all parameters used and the source of all reports.

The following example for documentation requirements outline the types of supporting evidence required for selected financial statements items.

The example should be tailored to meet the entity's particular circumstances. It does not necessarily cover all possible items or supporting documents.

# Requirements for supporting documentation

| Item | Supporting documentation | Responsibility | Due date |
|---|---|---|---|
| ***Cash at hand*** | Schedule of advances as at year-end. | | |
| | Confirmation certificates from cash advance holder stating the amount held at year-end. | | |
| ***Cash at bank*** | Bank reconciliations at year-end with bank statements and supporting documentation for reconciling items. | | |
| | A schedule of all bank accounts including information on bank account numbers, branch and domicile. The schedule includes bank accounts as at year-end and accounts that were opened and/or closed during the year. | | |
| | Confirmations from banks for all bank accounts, with explanations if there are differences between bank confirmations and the entity's own records. | | |
| | Schedule of foreign exchange rates at year-end where applicable. | | |
| ***Receivables*** | Schedules of receivables, classified by expected recovery period, including comparisons of opening and closing balances. | | |
| | Ageing of receivables and the impairment allowance. | | |
| | Schedule of debt written off and recovered during the year. | | |
| | Evidence of the basis of the impairment review. | | |
| | Reconciliation of accounts receivable sub-ledger to general ledger. | | |
| ***Administered investments*** | Schedule of investments such as term deposits, shares in Commonwealth companies, etc. | | |
| | Reconciliations of investments from general ledger to investment register, including movement schedules. | | |
| | Examples of documentation are: | | |
| | • investment ledger | | |
| | • policies on accounting for investments | | |
| | • approval documentation for initial investments, rollovers and redeemed investments | | |
| | • funds manager reports | | |
| | • documentation to prove ownership | | |
| | • sale documentation and approvals | | |
| | • independent confirmations from a third party, and | | |
| | • delegation instruments for investing relevant moneys. | | |
| ***Inventory*** | Analysis and supporting documentation showing basis of valuation. | | |

| Item | Supporting documentation | Responsibility | Due date |
|---|---|---|---|
| | Documentation supporting stocktakes, obsolescence of inventory and work-in-progress. | | |
| ***Land, buildings and property, plant and equipment*** | Movement schedule showing opening balances, additions, disposals, transfers, depreciation, | | |
| | Write-offs and closing balances for all asset classes. Documentation to support material transactions. | | |
| | Final reconciliation of general ledger to assets register. A copy of the assets register by asset category. | | |
| | Copies of stocktake procedures and stocktake report, endorsed by management. Reconciliation of stocktake report to asset register. | | |
| | List of write-offs including approvals. | | |
| | Policies and documentation supporting the asset recognition threshold and depreciation rates and methods. | | |
| | Basis for reassessment of useful lives. | | |
| | Evidence that the entity has reviewed all assets for indicators of impairment. | | |
| | Copies of title deeds showing ownership, as well as rights, obligations, or mortgages on the property. | | |
| | Most recent valuation reports, where applicable, including basis, date and name and qualifications of valuer. | | |
| ***Other assets*** | Schedule of the different categories of Other assets. For example, prepayments. | | |
| | Supporting details for significant account balances. | | |
| ***Intangibles*** | Movement schedule with supporting documentation showing opening balances, additions, deletions and closing balances. | | |
| | A schedule of all intangibles and accumulated amortisation. | | |
| | Policies and supporting rationale on capitalisation, carrying values, and amortisation of intangibles. | | |
| | Evidence that the entity has reviewed all intangible assets for indicators of impairment and assessed the recoverable amounts for relevant intangible assets. | | |
| ***Leases*** | Leasing details, especially new leases and leases terminated. Details of payment schedule, rent reviews, lease terms, lease incentives, make-good provisions, sub-leases, operating or finance lease. | | |
| | Copies of lease agreements. | | |
| | Information on finance lease commitments and maturity profile. | | |
| | Details of classification into current and non-current lease liabilities. | | |
| ***Payables*** | Reconciliation of supplier ledgers to trial balance and ageing schedule. | | |
| | Supporting documentation for significant account balances; for example, current suppliers, sundry suppliers, unearned revenue and clearing accounts. | | |

| Item | Supporting documentation | Responsibility | Due date |
|---|---|---|---|
| | Policies and supporting rationale on the level of threshold and cut-off for accruing expenses. | | |
| ***Provision for employee entitlements*** | Reconciliations and supporting details for material items such as provisions for annual leave, long service leave, superannuation, performance pay, redundancy and accrued salary, wages and benefits. | | |
| | Policies including formula and factors used in the calculation of entitlements. | | |
| | Details of classification into current and non-current provisions. | | |
| | Actuarial assessment of provision for long service leave entitlements. Information on the use of shorthand method. | | |
| | Information on the bond rate used for discounting the liabilities to present values and probability factors used in discounting long service leave. | | |
| ***Loans*** | Movement schedules showing opening balances, new debts, repayments and closing balances. | | |
| | Copies of contracts and financing arrangements, including updated maturity schedule. | | |
| ***Other payables, liabilities and provisions*** | Schedules and supporting documentation of different categories of liabilities and provisions. For example, overdrafts, taxation payable and provision for restoration obligations. | | |
| ***Equity and reserves*** | A Statement of Changes in Equity—supporting explanation for movements from prior year. | | |
| ***Appropriations*** | Appropriation notes with supporting documentation. | | |
| | Appropriation reconciliations—reconciliations of the general ledger to Finance's appropriation system and bank statements. | | |
| | Analysis of appropriation receivables. | | |
| | Confirmation of any amounts outstanding at balance date. | | |
| | Examples of supporting documentation are any Appropriation Act adjustments, Acts enabling special appropriations and section 75 documentation or alternative authorisations. | | |
| ***Administered grant expenses and payables*** | Data files from the grants management system and related databases. | | |
| | Returns and certifications from entities that expend grant moneys as an agent of the entity. | | |
| | Reviews performed on grant expenses to ensure compliance with sections 83 and 51 of the *Constitution* and supporting documentation for the reviews. | | |
| | Monthly reconciliations between grants management system and FMIS and supporting documentation for reconciling items. | | |
| | Supporting documentation for grant payables. | | |
| | Policies and supporting rationale for the recognition, measurement and disclosure of grant expenses and payables. | | |
| ***Restructuring note*** | Details of assets, liabilities, income and expenses recognised for functions assumed. | | |

| Item | Supporting documentation | Responsibility | Due date |
|---|---|---|---|
| | Details of assets and liabilities relinquished for functions transferred to other entities. | | |
| | Schedules and supporting documentation includes sign-off and/or certification by receiving/ losing entities, memoranda of understanding and results of due diligence review performed on records received. | | |
| ***Others*** | A schedule of resources provided free of charge, detailing their nature and amount or value. | | |
| | Details of cost recovery arrangements and accounting treatment for the over and under recoveries. | | |
| | Schedule of all contingent liabilities and assets. | | |
| | Details of joint ventures and their accounting treatments. | | |
| | Consolidation worksheets for the Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and the Statement of Changes in Equity. | | |
| ***Minutes*** | Minutes of Executive Board and Audit Committee meetings held since last audit. | | |