

Independent Auditor's Report to the members of Stanmore Public School Parent's and Citizens' Association Inc. for the Financial Report – 31 December 2019

7 February 2020

Dear Stanmore Public P&C Executive

I have performed a limited scope audit on the Financial Statements ended 31 December 2019. These have been prepared on a cash-basis. I have audited these accounts as a parent in the school community in a voluntary capacity. My relevant qualifications include a Master of Applied Finance, Bachelor of International Business, and ~20 years' experience in corporate financial analysis.

Notable changes from previous year

Fundraising activities:

- In 2019 the P&C raised \$84,709 revenue from fundraising activities (excludes canteen sales, unsolicited donations and grants).
- Key revenue generating initiatives included the Big Night Out (\$22,994); State and Federal Election Day BBQs (\$22,907); Book Drive (\$8,708); and K-2 Disco (\$7,475).
- Notably, total net profit on fundraising activities was \$56,349 in 2019
- Major profit contributors were the Big Night Out (\$18,450 net), Election Day BBQs (\$17,226 net), Trivia Night (\$4,871 net), K-2 Disco (\$4,591 net), and Music Festival (\$3,299 net).

P&C funding provided to the school:

- During 2019, the P&C transferred total funds of \$69,197 to the school, comprising \$55,197 for capital works and school improvements; and \$14,000 for classroom resources.
- Capital expenditure included \$35,000 on new interactive whiteboard replacements (P&C resolution Mar-19); interactive panels \$5,225 (Apr-19); oval work \$20,000 (Oct-19); \$2000 naming of Fran Larkin oval and \$500 Buddy Bench (Nov-19).

Transfer of canteen ownership:

- In 2019, it was agreed that management of the school canteen would be transferred from the P&C Association to Stanmore Public School. For this reason, canteen revenue has been excluded from this audit.
- It is noted that this transfer of ownership will significantly reduce risk to the P&C in relation to potential financial, operational, and/or reputational exposures.

Cash-based transactions

Fundraising activities, by their nature, inherently involve a large volume of cash-based transactions. These transactions carry a higher risk of fraud or human error. No judgement has been made as part of this Audit around the adequacy of controls in place to mitigate this risk and whether there are opportunities to strengthen processes around cash-based transactions. I would encourage the P&C to continue the current trend of seeking online pre-payments for fundraising activities, such as Paypal, to reduce the requirement for cash transactions.

Basis of Accounting

The 2019 financials have been prepared on a cash basis. The financial statements have been prepared based on data available in Xero, consistent with recent years, and a standard annual report template has been developed in Xero to facilitate generation of financial reports.

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The P&C Treasurer has prepared financials on the basis that the Association is a non-reporting entity. These statements are special purpose, prepared solely to meet the information needs of the Executives and Members of the Association.

Canteen

During 2019, the P&C handed-over management of the school canteen to the Stanmore school entity. Management of the Canteen was taken over by the P&C at the end of 2015 when the incumbent provider was not able to continue services. This arrangement was always intended to be temporary, pending the appointment of a new service provider.

Over the course of the year, the P&C Treasurer has continued to do the book-keeping for the canteen. This has included paying wages, BAS activity statements, PAYG and superannuation payment, however income and payments are now conducted through Stanmore School accounts (non-P&C funds). This arrangement will continue until the new school year starts, at which time existing canteen employees will transfer to the Department of Education. The P&C will pay the final BAS activity statement and superannuation obligations out of the canteen bank accounts before transferring all remaining cash across to the school.

As noted above, the handover of canteen ownership to the school transfer any related risks to the P&C Association associated with potential cash fraud, administrative complexity, public liability linked to food service, and regulatory compliance obligations such as tax, employee entitlements and workplace health & safety.

Insurance

P&C Management reviewed their insurance needs in 2019 and decided to secure the same level of coverage as the prior year through the P&C Federation. It is understood that this is a blanket insurance offering professional indemnity insurance for the P&C executive office owners. Workers compensation insurance covering employees for the canteen is no longer required.

Employees

Following the full transfer of Canteen-ownership to the Department of Education, the P&C will no longer have any salaried employees.

P&C Authorised Persons

Authorised cheque signatories for the P&C bank accounts are Jackie Greenwood (President), Diane Groves (Treasurer) and Todd Coleman (Assistant Treasurer). As a matter of good governance, it is recommended that authorised signatories are restricted to currently appointed P&C Executives.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives within the scope of this Audit is to obtain reasonable assurance that the financial report as presented is free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report. The scope of this report can be found on the P&C Federation's Member website: <https://www.pandc.org.au/forms/faqs/Quick%20member%20info%20-%20Role%20of%20the%20Treasurer.pdf>

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Statement of Receipts and Payments for the Stanmore Public P&C Association

For the period ending 31st December 2019

Opening Balances from 31st December 2018

P&C Main Account	17,955.37	
P&C Building Reserve	7,200.12	
P&C General Reserve	20,658.45	
P&C Kitchen & Garden	23,458.74	

Total Opening Balance from 31st December 2018 **69,272.68**

Deposited not credited	-	
Unpresented cheques		-
Sub-Total		69,272.68

DEPOSITS

Affiliation (P&C membership - gold coin)	48.00
Donations (Sean Flood)	250.00
Grants	600.00
Bank interest	106.54

FUNDRAISING

Big Night Out	22,993.72	
Book Drive	8,707.59	
Cook Book	346.36	
Election Day BBQ	22,907.21	
EOY Movie night	290.00	
Fathers Day	3,665.45	
K-2 Disco	7,475.33	
Kindy Tea Towels	1,790.42	
Mothers Day	3,103.94	
Movie Night	1,531.83	
Music Festival Income	4,360.80	
PLUS - 2nd hand uniform	2,619.00	
Trivia Night	4,870.94	
Other	46.75	84,709.34

OTHER

Canteen profit transfer to P&C (see Note 1)	44,000.00
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Total Deposits **129,713.88**

WITHDRAWALS

General Expenses - P&C	1,437.81
General Expenses - Kitchen Garden	2,877.44
Stanmore Public School - funds provided for Capital Purchases	55,225.00
Stanmore Public School - funds transferred for Classroom Resources	14,000.00
Stanmore Public School - funds transferred from Book Drive (2018)	5,660.44
Stanmore Public School - funds transferred from Book Drive (2019)	8,707.59
School improvements	- 28.21
Insurance - P&C	975.00
Subscriptions	40.00

FUNDRAISING EXPENSES

Big Night Out expenses	4,543.93	
Cook Book expenses	3.33	
Election Day BBQ expenses	5,681.54	
EOY Movie night expenses	1,544.77	
Fathers Day expenses	2,678.50	
K-2 Disco expenses	2,884.04	
Kindy Tea Towels expenses	1,520.00	
Mothers Day expenses	2,617.19	
Movie Night expenses	-	
Music Festival expenses	1,061.96	
Other fundraising expenses	164.43	22,699.69

OTHER

Adjustment for variance (Note 2)	35.88
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Total Withdrawals **111,630.64**

Closing Bank Account Balances as at 31st December 2019

P&C Main Account	13,916.99
P&C Building Reserve	7,450.80
P&C General Reserve	44,831.93
P&C Kitchen & Garden	21,156.20

Total Closing Balance at at 31st December 2019 **87,355.92**

Total at Bank **87,355.92**

Un-presented cheques	-
Petty Cash on hand	-

Balance carried forward **87,355.92**

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Notes:

- (1) \$44k transfer from canteen to P&C General Reserve for profits earned while under P&C ownership. The transfer sat on the Treasurers Report throughout the year as a pending option and it was agreed to effect the transfer at the October 2019 P&C meeting*
- (2) Adjustment for unexplained variance. Considered by Auditor to be immaterial.*

Independent Audit Report for the year ended 31 December 2019

I have examined the accounts and records of the Stanmore Public School Parents and Citizens' Association, which have been prepared on a cash basis, for the year ended 31 December 2019. The procedures I have performed include:

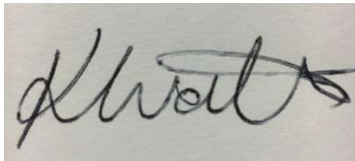
- Confirming the opening and closing bank balances to bank statements
- Verifying a number of key expenditure items to invoices
- Analysing and challenging fundraising income and expenditure to the previous year results

No opinion is offered over completeness or accuracy of income in the financial statements or on the Statement of Funds Available.

No opinion is offered over the appropriateness of insurance cover or of tax accounting and commitments.

I believe that the audit evidence received is sufficient and appropriate to provide a basis for my opinion.

In my opinion, based on the procedures set out above, the financials presented are provide a true and accurate account of the financial standing of the Stanmore Public School Parents and Citizens Association for the 12-month period to 31 December 2019.



Kristen Watts (MAPF, BlntBus)

7 February 2020