

10 February 2021

Dear Stanmore Public School P&C Executive

I have performed a limited scope audit on the Financial Statements ended 31 December 2020. 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 2020, the P&C raised \$23,558 revenue from fundraising activities (excludes canteen sales, unsolicited donations and grants). This represented a 72% decrease compared to the previous year (2019: \$84,709).
- The P&C's ability to generate revenue in 2020 was significantly impeded by government restrictions related to the coronavirus pandemic (social distancing and home learning).
- Furthermore, there were no State or Federal elections held in 2020 which are traditionally high revenue earners for the P&C through election day activities (2019: \$22,907 revenue).
- Despite these challenging conditions, the P&C was able to continue some fundraising via innovative shifts to online formats and platforms (notably, the Trivia Night).
- Key revenue generating initiatives included the Book Drive (\$7,975); Trivia Night (\$4,173); Kindy Tea Towels (\$2,552); and PLUS second-hand uniforms (\$2,021).
- Total net profit from fundraising was \$11,464 (compared to \$56,349 in 2019), in line with reduced overall fundraising activity. Major profit contributors were the Book Drive (\$7,703 net); and Trivia Night (\$3,411 net).

P&C funding provided to the school:

- During 2020, the P&C transferred total funds of \$21,400 to the school for capital purchases and school improvements.
- Capital expenditure included \$10,000 for STEAM kits (Lego, Robotics); and \$10,000 for moveable library shelves.

Canteen revenue:

- Canteen cashflows were extremely volatile in H1 due to Covid restrictions. The canteen was closed from March to May 2020.
- Earnings stabilised over H2, however the canteen continued to operate with a limited menu and reduced staffing.
- Total revenue from canteen sales was \$169,811 for 2020, representing a 20% decrease year-on-year (2019: \$209,504).
- Despite these unusual operating conditions, the canteen has continued to trade profitably. Net profit (excluding grants) doubled in 2020 to \$20,235 (up from \$9,091 in 2019), driven by a 33% reduction in wages due to the Department of Education paying the casual staff's wages for Term 2.
- Canteen profit was further supported by two Australian Tax Office Covid-relief grants (totalling \$20,000).

**Independent Auditor's Report to the members of Stanmore Public School Parent's and Citizens' Association
Inc. for the Financial Report – 31 December 2020**

	2020	2019	+/- yoy
Revenue from Canteen Sales	169,811	209,504	-39,693
Other income - ATO Covid grants	20,000		20,000
COGS	59,859	73,348	-13,489
Employment costs	78,389	116,168	-37,779
Other costs	11,328	10,897	431
Net Profit	40,235	9,091	31,144
<i>Profit Margin (ex. ATO grant)</i>	14%	5%	9%
<i>Profit Margin (inc. ATO grant)</i>	27%	5%	22%

Canteen ownership:

- In 2019, it was decided that management of the school canteen would be transferred from the P&C Association to Stanmore Public School.
- However, following further consideration and comparative research, the P&C passed a resolution on 23 June 2020 to rescind this decision and take over ownership and liability.
- Consequently, the financial performance of the canteen will continue to be reported through the P&C and is therefore included in this Audit.
- Whilst management of the canteen now remains with the P&C, it is effectively managed in partnership with Stanmore Public School. Certain controls have been implemented to mitigate known issues and risks. For example, financial and administrative tasks are outsourced to a bookkeeper (included paying wages, BAS activity statements, PAYG and superannuation payment). These controls not only alleviate some of the P&C Treasurer's workload but also create separation of duties.
- As noted in previous audits, ownership of the canteen does carry additional risk for the P&C in relation to potential financial, operational, and/or reputational exposures (cash fraud, administrative complexity, public liability linked to food service, and regulatory compliance obligations such as tax, employee entitlements and workplace health & safety). However, it is noted that P&C members are not individually liable for any such risks as they relate to the Stanmore P&C Association entity.
- It is recommended that the P&C continue to monitor the profitability of the canteen and review the ownership decision at end Term 1 2021. Notably, TASK will require more catering as the sole OOSH provider on-site which guarantees a steady revenue stream going forward. Cost control will continue to be an important factor to ensure break-even is achieved, particularly in-light of higher wage costs with more casual staff required in lieu of volunteers.

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 2020 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.

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.

Income Tax

The P&C association is exempt from income tax. The canteen is not registered for GST.

Insurance

P&C Management reviewed their insurance needs in 2020 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 canteen employees was also acquired.

Employees

The Canteen is staffed by one permanent and two casuals whose wages and superannuation are paid for by the P&C. During Term 2, the casual staff were employed by the Department of Education as part of their Covid policy to retain casual staff throughout the peak pandemic period. This policy underpinned a ~30% reduction in employment costs in 2020.

P&C Authorised Persons

Authorised cheque signatories for the P&C bank accounts are Jackie Greenwood (President) and Diane Groves (Treasurer). Todd Coleman (previously Assistant Treasurer) was removed as a signatory during the year. As a matter of good governance, it is recommended that authorised signatories continue to be 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 are 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 2020

Opening Balances from 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	
Canteen - Main		14,500.11	
Canteen - Reserve		5.91	
Canteen - Card		1,244.07	
Total Opening Balance from 31st December 2019			103,106.01
Balance Sheet Movements - Receipts and Payables			
Deposited not credited		-	
Unpresented cheques		-	
Sales invoices raised (cash yet to be received) (1)	-	6,000.18	
Purchase order raised but not yet paid - Canteen freezer deposit		396.00	
PAYG Payable		94.00	
Superannuation Payable	-	45.53	
Clearance of Suspense	-	72.73	
Timing adjustment (Xero vs bank credit)	-	56.84	
Rounding adjustment		0.51	5,684.77
Sub-Total			97,421.24
CANTEEN REVENUE / INCOME			
Canteen Sales		169,811.09	
Canteen - ATO grants for PAYG tax relief (Covid cashflow support)		20,000.00	
FUNDRAISING REVENUE			
Book Drive		7,975.00	
Trivia Night		4,172.70	
Kindy Tea Towels		2,742.05	
PLUS - 2nd hand uniform		2,021.50	
Mothers Day		1,607.70	
SNIP advertising revenue		1,235.00	
Fathers Day		945.00	
K-2 Disco		609.50	
Cook Book		505.74	
Big Night Out		82.48	
Other - 'Non-specific fundraising'		1,661.68	23,558.35
OTHER DEPOSITS			
Donations (for Showcase)		2,435.00	
Donations (from Sean Flood)		250.00	
Affiliation (P&C membership - gold coin)		54.70	
Bank interest		111.29	
Total Deposits			216,220.43
CANTEEN EXPENSES			
Canteen - Wages and Salaries		73,682.00	
Canteen - Superannuation		4,707.31	
Canteen - COGS (includes packaging, food and drink)		59,858.79	
Canteen - Commission for online canteen orders (Quickcliq)		3,467.40	
Canteen - Insurance (Workers Compensation)		2,424.32	
Canteen - Miscellaneous supplies		2,090.72	
Canteen - Accounting Fees (paid to Bookkeeper)		1,496.00	
Canteen - Repairs & Maintenance		851.60	
Canteen - Bank Fees (EFTPOS terminal)		510.00	
Canteen - Subscriptions		487.50	149,575.64
FUNDRAISING EXPENSES			
Kindy Tea Towels expenses		1,942.23	
Mothers Day expenses		1,436.70	
Big Night Out expenses		1,392.51	
Trivia Night expenses		761.42	
Fathers Day expenses		415.20	
Book Drive expenses		271.69	
K-2 Disco expenses		31.97	
Cook Book expenses		15.24	
Other fundraising expenses		5,827.28	12,094.24
OTHER EXPENSES / WITHDRAWALS			
Stanmore Public School - capital purchases / school improvements			
STEM kits		10,000.00	
Moveable library shelves		10,000.00	
ZCM - painting playground equipment		1,000.00	
Banner for events (Teardrop)		399.00	21,399.00
Canteen - capital purchase (deposit for freezer)			349.00
General Expenses - Kitchen Garden			934.34
Insurance - P&C			986.00
Bank Fees - P&C			10.00
Subscriptions - P&C			419.00
Total Withdrawals			185,767.22
Closing Bank Account Balances as at 31st December 2020			
P&C Main Account		6,918.69	
P&C Building Reserve		7,701.50	
P&C General Reserve		29,905.33	
P&C Kitchen & Garden		20,421.64	
Canteen - Main		61,625.22	
Canteen - Reserve		-	
Canteen - Card		1,302.07	
Total Closing Balance at at 31st December 2020			127,874.45
Total at Bank			127,874.45
Un-presented cheques		-	
Petty Cash on hand		-	
Balance carried forward			127,874.45

Notes:

(1) Sales invoices raised represents change in receivables at year-end CY20 vs CY19, payable by TASK.

Independent Audit Report for the year ended 31 December, 2020

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 2020. The procedures I have performed include:

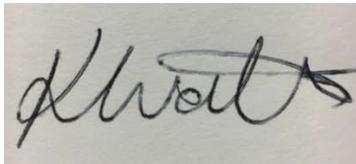
- Confirming the opening and closing bank balances to bank statements
- Verifying several key expenditure items to invoices
- Analysing and challenging fundraising income and expenditure to the previous year results
- Reviewing P&C Meeting Minutes and Treasurer's Reports to ensure consistency between financials and governance documentation.

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 2020.

A handwritten signature in black ink, appearing to read 'Kristen Watts', is written on a light-colored background.

Kristen Watts (MAPF, BlntBus)

10 February, 2021