Appendix 5

(Ref: Para. 78(c))

EXAMPLE of a representation letter for a MSE

The following is an example of a representation letter for a Grant Acquittal comprising:

* + 1. Reasonable assurance for one subject matter; and
    2. Limited assurance for a different subject matter.

This letter illustrates (certain) requirements and principles in the AUASB Standards and can be used appropriately for a MSE. The letter is based on (certain) requirements of the AUASB Standards and will need to be adapted according to individual requirements and circumstances. In some cases, a MSE representation letter may include representations relating to the statutory audit of the entity’s annual financial report. This example letter is not authoritative but is intended only to be a guide that may be used in conjunction with the requirements of the relevant AUASB Standards and MSE mandates.

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(Entity Letterhead)

(To Auditor) (Date)

This representation letter is provided in connection with:

* 1. Your audit of ABC Entity’s statement of grant income and expenditure for the year ended 30 June 20XX [or period covered by the auditor’s report] for the purpose of expressing an opinion as to whether the statement of grant income and expenditure is presented fairly, in all material respects, in accordance with the grant agreement with Government Department (name) dated (date); and.
  2. Your review of ABC Entity’s compliance with the terms of the grant agreement identified above.

We confirm that (*to* *the* *best* *of* *our* *knowledge* *and* *belief*, *having* *made* *such* *enquiries* *as* *we* *considered* *necessary* *for* *the* *purpose* *of* *appropriately* *informing* *ourselves*):

*Statement* *of* *Grant* *Income* *and* *Expenditure*

* We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated (date), for the preparation of the statement of grant income and expenditure in accordance with the cash basis of accounting and the terms of the grant agreement with Government Department (name) dated (date); in particular, the statement of grant income and expenditure presents fairly in accordance therewith.
* All events subsequent to the date of the statement of grant income and expenditure which require adjustment or disclosure so as to present fairly the statement of grant income and expenditure, have been adjusted or disclosed. (ASA 560)
* [Where applicable] The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the statement of grant income and expenditure as a whole. A list of the uncorrected misstatements is attached to this representation letter. (ASA 450)
* [Any other matters that the auditor may consider appropriate.]

*Compliance* *with* *Grant* *Agreement*

* We have fulfilled our responsibilities, as set out in the terms of the grant agreement with Government Department (name), dated (date).
* [Any other matters that the auditor may consider appropriate.]

*Information* *Provided*

* We have provided you with:
  + Access to all information of which we are aware that is relevant to the preparation of the statement of grant income and expenditure; and the entity’s/company’s compliance with the grant agreement with Government Department (name) such as records, documentation and other matters;
  + Additional information that you have requested from us for the purpose of the engagement; and
  + Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit and other assurance evidence.
* All transactions relating to the grant, referred to above, have been recorded in the accounting records and are reflected in the statement of grant income and expenditure.
* We have disclosed to you the results of our assessment of the risk that the statement of grant income and expenditure may be materially misstated, or that the entity has not complied with the grant agreement, as a result of fraud. (ASA 240)
* We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  + Management;
  + Employees who have significant roles in internal control; or
  + Others where the fraud could have a material effect on the statement of grant income and expenditure or compliance with the terms of the grant, referred to above. (ASA240)
* We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity’s statement of grant income and expenditure and compliance with the terms of the grant referred to above, communicated by employees, former employees, analysts, regulators or others. (ASA 240)
* We have disclosed to you all known instances of non‑compliance or suspected non‑compliance with laws and regulations whose effects should be considered when preparing the statement of grant income and expenditure and complying with the terms of the grant, referred to above. (ASA 250)
* We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware. (ASA 550)
* [Any other matters that the auditor may consider necessary.]
* We have provided you with all requested information, explanations and assistance for the purposes of the audit and other assurance work.[[1]](#footnote-1)\*
* We have provided you with all information required by the grant agreement with Government Department (name).

Management Management

1. \* There may be a regulatory requirement for particular information to be provided. For example, see section 312 of the C*orporations Act 2001.* [↑](#footnote-ref-1)