

ANZAC DAY TRUST FUND

2016 ANNUAL REPORT

The Hon Will Hodgman, MP

Premier

In accordance with Section 14 of the Anzac Day Observance Act 1929, the Anzac Day Trust (the Trust) presents its Annual Report for the 2015 calendar year.

Background

The Trust provides grants to service organisations to assist with supporting the welfare of ex-service personnel and their dependents.

The Trust was established in 1970 following an agreement between the Returned Services League (RSL), horse racing authorities and the State Government to allow horse racing and other sporting events after midday on Anzac Day. In exchange for allowing sporting events on Anzac Day, the RSL negotiated that a portion of the profits from those race meetings should be provided to a fund, administered by the Trust, to assist ex-service personnel and their dependents.

When it was established, the Trust was to receive an amount equal to half the net profits of race meetings held on Anzac Day. However, it was very rare that Anzac Day race meetings resulted in a net profit, which led to a change in the legislation in 1981 to allow a payment in lieu of the sum derived from race meetings. Further amendments in 1994 regularised this practice, and in 1999 the Treasurer agreed to index the payment in line with movements in the consumer price index.

Trust Membership

The Trust comprises four Members appointed by the Governor, with one member representing Legacy Clubs and one representing the Returned and Services League. The current Members are as follows:

Mr Ricky Bott Chairman

Mr Paul Crew

Mr Warwick Luttrell

Ms Annette Wyatt

The Department of Premier and Cabinet provided administrative support for the Trust for the 2016 Calendar year.

2016 Activities

The Trust received its annual appropriation in July 2016 in accordance with the Act for the sum of \$23,200.00, and advertisements were placed in the three main regional papers in September 2016 inviting service organisations to apply for funds from the Trust.

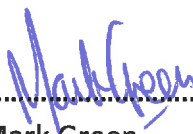
The Trust considered the applications received, and subsequently approved the following grants (exclusive of GST) at its meeting held on 21 November 2016.

Organisation	\$
Legacy	21,000
TOTAL	21,000.00

Statement of Receipts and Payments

An audited statement of receipts and payments for the year ended 31 December 2016 is attached for your information.


.....
R Bott
Chairman


.....
Mark Green
Secretary



23 March 2017

Mr R Bott
Chairman
ANZAC Day Trust Fund
C/- Department of Premier and Cabinet
15 Murray Street
HOBART TAS 7000

Dear Mr Bott

ANZAC Day Trust Fund - Audit of the Special Purpose Financial Report for the Year Ended 31 December 2016

The audit of the special purpose financial report (the financial report) of the ANZAC Day Trust Fund (the Fund) for the year ended 31 December 2016 has been completed. The audit was completed with no issues outstanding and I have issued my audit report on the financial report, a copy of which is also enclosed. The approach we took during the course of this year's audit is outlined in the attached Financial Audit Strategy.

You will appreciate that my normal audit procedures are designed primarily to enable me to form an opinion on the financial report as a whole and therefore do not necessarily bring to light at each audit all the weaknesses in internal control or accounting practice which a special investigation might do.

I have prepared this letter solely for the use of the ANZAC Day Trust. As you know, this letter forms part of a continuing dialogue between the Members of the Trust and the Auditor-General and, therefore, it is not intended to include every matter, whether large or small, that has come to my attention. For this reason I believe that it would be inappropriate for this letter to be made available to third parties and, if such a third party were to obtain a copy without my prior written consent, I would not accept any responsibility for any reliance that they might place on it.

...1 of 2

Review of the Annual Report

Please will you forward to me a copy of the final draft of your annual report for review by my staff prior to its publication. This review will be conducted in accordance with Auditing Standard ASA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Report* to identify any material inconsistencies between the special purpose financial report and other information disclosed in the annual report.

Appreciation is expressed for the assistance and co-operation provided to my staff during the course of the audit.

Please note that a copy of this letter together with the audit report will be provided to the Minister for Sport and Recreation, The Hon W E F Hodgman, MP in accordance with section 19(2) of the *Audit Act 2008*.

If you have any queries regarding the audit or any other matters, please contact me or Derek Burns on 6173 0900.

Yours sincerely



Jara K Dean
Assistant Auditor-General Financial Audit

Encl.

Copy for: Mr M Green, Secretary, Anzac Day Trust Fund

Independent Auditor's Report

To Members of the Anzac Day Trust Fund

Report on the Audit of the Special Purpose Financial Report

Opinion

I have audited the special purpose financial report (the financial report) of the ANZAC Day Trust Fund (the Fund), which comprises a statement of receipts and payments for the year ended 31 December 2016, other explanatory notes and the statement by the Chairman and Secretary of the ANZAC Day Trust (the Trust).

In my opinion, the accompanying financial report:

- a) presents fairly, in material respects, its financial position as at 31 December 2016 and such components of financial position, as are disclosed, at that date
- b) complies with Australian Accounting Standards, to the extent described in Note 1(e).

Basis of Accounting

Without modifying my opinion, I draw attention to note 1(e) to the financial report, which describes the basis of accounting. The financial report has been prepared on a cash basis of accounting for the purpose of fulfilling financial reporting requirements of the Trust. As a result, the financial report may not be suitable for another purpose.

Responsibility of Members of the Trust for the Financial Report

The Members of the Trust are responsible for the preparation and fair presentation of the financial report and have determined that the cash basis of accounting is appropriate to meet the financial reporting requirements of the Trust. The Members' responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Members of the Trust are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

My responsibility is to express an opinion on the financial report based on the audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the officers, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements.



Jara K Dean
**Assistant Auditor-General Financial Audit
Delegate of the Auditor-General**

Tasmanian Audit Office

Hobart
23 March 2017

ANZAC DAY TRUST FUND

Statement of Receipts and Payments For the year ended 31 December 2016

The Trustees have determined that the Trust is not a reporting entity.

The Statement of Receipts and Payments and notes thereto is a special purpose financial report and has been prepared from relevant accounts and records to represent fairly the financial transactions for the year ended 31 December 2016.

At the date of signing we are not aware of any circumstances that would render the particulars included in the financial statements materially misleading or inaccurate.



R Bott
Chairman

30 January 2017



M Green
Secretary

30 January 2017

ANZAC DAY TRUST FUND

Statement of Receipts and Payments For the year ended 31 December 2016

2015		2016
\$		\$
	Opening Balance	
3,843	Cash at Bank	4,395
	Receipts	
4	Interest	3
23,000	Section 10 Grant	23,200
106	GST Reimbursement (ATO)	209
23,110		23,412
	Payments	
20,500	Hobart Legacy Inc	21,000
500	National Serviceman's Association of Australia, Tasmania	-
-	- Vietnam Veterans Association of Australia Tas Branch	2,700
1,148	Advertising	959
296	Member Reimbursement of Expenses (Section 7(10))	331
114	GST Credits	96
22,558		25,086
4,395		2,721



R Bott
Chairman

30 January 2017



M Green
Secretary

30 January 2017

ANZAC DAY TRUST FUND

Notes to the Statement of Receipts and Payments For the year ended 31 December 2016

1. General

(a) Fund

The Anzac Day Trust Fund was created by the Anzac Day Observance Act 1929 and is administered by Trustees appointed in accordance with that Act.

(b) Funding

A grant is provided each year from the Consolidated Fund through the Department of Premier and Cabinet, and is provided on a GST-free basis.

(c) Grants

Grants are made in accordance with the Act.

(d) Taxation

The Fund is registered for GST with the Australian Taxation Office.

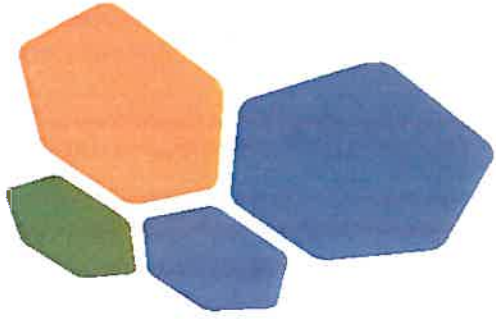
(e) Basis of Accounting

The statement is prepared on a cash basis.

2. Assets and Liabilities

As at 31 December 2016, the Fund had a bank balance of \$2 721.

It has no other Assets or Liabilities.



Tasmanian Audit Office

ANZAC Day Trust Fund

Financial Audit Strategy
For the year ending 31 December 2016



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Key contacts

Name and position	Role	Mobile	Email
Jara Dean Assistant Auditor-General Financial Audit	Signing Officer	0403 757 476	Jara.Dean@audit.tas.gov.au
Derek Burns Acting Group Leader	Engagement Leader	0478 326 177	Derek.Burns@audit.tas.gov.au
Martin Ma Graduate Financial Auditor	Team Leader	0478 326 180	Martin.Ma@audit.tas.gov.au

Tasmanian Audit Office - Hobart
Phone: (03) 6173 0900

Email: admin@audit.tas.gov.au



Tasmanian
Audit Office

Executive summary

Audit scope and objectives

The independent audit of the special purpose financial report (financial report) of the ANZAC Day Trust Fund is carried out under the provisions of section 18 of the *Audit Act 2008*. The primary objective of the audit is to express an opinion and report on the financial report as presented by the Members of the Fund (the Members). The scope and objectives of the audit are further defined in Section 1.

Audit approach

Our audit approach is risk based with a focus on the risk that an error of audit significance will occur in the financial report. In order to reduce audit risk to an acceptable level, we have designed an audit plan and appropriate audit testing to focus on the significant processes and accounts.

Our audit performance materiality has been set at \$1 050. Any individual material misstatement greater than \$105 will be communicated immediately, while misstatements greater than \$20 and less than \$105 will be recorded on the scoresheet and the aggregate of all amounts communicated to the Chair. Further details of our audit approach are provided in Section 2.

Our understanding of the ANZAC Day Trust Fund

A key component of developing our Financial Audit Strategy (Strategy) is to understand the ANZAC Day Trust Fund business and the environment in which it operates, and this is documented in Section 3.

Key areas of audit focus

From our audit planning activities and our understanding of the ANZAC Day Trust Fund we have identified in Section 3 the key areas of audit focus together with our planned response. The areas noted represent those of particular significance for the financial report and where specific judgement is required. It is not our intention to provide an exhaustive coverage of all the issues that may arise during the audit.

Audit team

We acknowledge that audit team continuity is important for many audit clients. The audit will be led by Jara Dean (Assistant Auditor-General) and Derek Burns (Engagement Leader). Further details of our audit team are provided in Section 4.

Audit fee

No audit fee is payable for the 2016 audit as per the previous arrangement.



1. Audit scope and objectives

Audit of the financial report

We will undertake an audit of the ANZAC Day Trust Fund's financial report for the financial year ending 31 December 2016 which will comprise a cash-basis statement, a summary of significant accounting policies, other explanatory notes and Chair's declaration on the financial report. The independent audit of the financial report is carried out under the provisions of section 18 of the *Audit Act 2008*. The primary objective of the audit is expressing an opinion and statements on the financial report as presented by the Members.

The audit will be planned and performed in accordance with Australian Auditing Standards to provide a reasonable level of assurance as to whether the financial report is free from material misstatement. Our procedures will include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and other significant accounting estimates. These procedures will be undertaken to gather sufficient appropriate audit evidence to form an opinion as to whether in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and applicable legislation so as to present a view which is consistent with our understanding of the financial transactions during the period, the financial position at the end of the period, the results of operations, cash flows and equity movements.

Overall, our audit approach is risk based. That is, our audit is focused on the risk that an error of audit significance will occur in the financial report. In order to reduce audit risk to an acceptable level, we have designed an audit plan and appropriate audit testing to focus on the significant processes and accounts.

The audit work undertaken to form an opinion is permeated by judgement, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered. In addition, there are inherent limitations in any audit, and these include the use of testing, the inherent limitations of any internal control structure, the possibility of collusion to commit fraud, and the fact that most audit evidence is persuasive rather than conclusive. As a result, our audit can only provide reasonable – not absolute – assurance that the financial report is free of material misstatement.

Report to Parliament

Pursuant to section 29 of the *Audit Act 2008* we will also report to Parliament in writing on the audit. Our report will draw attention to:

- any instances of significance where functions were not adequately and properly performed
- particulars of any major change of approach in relation to the extent or character of the audit function.

The report will also include commentary on key matters considered during the audit, financial analysis and other matters we may consider of importance to Parliament.

Material weaknesses in internal controls
In addition to our sign off on the financial report, we expect to provide a separate report concerning any material weaknesses in the internal control structure that come to our attention. We will provide a draft to management for review prior to submission to the Chair.

Risk of fraud and error
The primary responsibility for the prevention and detection of fraud and error rests with the Members. Our responsibility as the financial statement auditor is to consider the risk of fraud and the factors that are associated with it so as to ensure that the financial report is free from material misstatement resulting from fraud. However, it is important to note that while our work is not primarily directed towards the detection of fraud or other irregularities, we will report any such matters identified during the course of our work.

Responsibility for the financial report
We take this opportunity to remind you that the responsibility for the preparation and fair presentation of the financial report, in accordance with Australian Accounting Standards, is that of the Members. This responsibility also includes the maintenance of adequate accounting records and internal control structure, the selection and application of appropriate accounting policies, the development of accounting estimates and the safeguarding of the assets of the ANZAC Day Trust Fund.

Auditor's Responsibilities under ASA 720
The ANZAC Day Trust Fund's attention is drawn to our responsibilities under ASA 720 *The Auditor's Responsibilities Relating to Other Information*, one of which is to ensure that there is no information in the non-financial report component of the ANZAC Day Trust Fund's annual report that contradicts or differs from the audited financial report. To satisfy this requirement, management are requested to build into the schedule for completing the annual report time for our staff to read the draft annual report.

Electronic presentation of the financial report
It is our understanding that the ANZAC Day Trust Fund intends to publish a hard copy of the audited financial report and audit report and to electronically present these reports on its internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the ANZAC Day Trust Fund's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the ANZAC Day Trust Fund's web site is that of the ANZAC Day Trust Fund.



2. Audit approach

Audit approach

Our audit approach is risk-based with a focus on understanding your business. Our Integrated Public Sector Audit Methodology (IPSAM) enables us to develop an effective and efficient audit plan that focuses our work on high risk areas. In particular, we seek to determine how the ANZAC Day Trust Fund controls risk. We evaluate the effectiveness of the ANZAC Day Trust Fund's established controls and if we consider that they cover specific audit risks we test the operating effectiveness of those controls to obtain reliance on them.

Materiality

Materiality is used to determine the nature and extent of our audit procedures. Materiality means, in relation to information, that information which if omitted, misstated or not disclosed has the potential to adversely affect decisions about the allocation of scarce resources made by users of the financial report or the discharge of accountability by the management or governing body of the entity. We determine a preliminary materiality amount during the planning phase of the audit. It serves as a threshold for considering the individual and cumulative effect of potential misstatements and assists us in determining the maximum amount that the financial report can be misstated and not affect users' decisions.

Based on the statement for year ending 31 December 2016, we set our planning materiality as follows:

Relevant base	Base amount	Sliding scale percentage	Planning materiality
Receipts	\$23 412	5.0%	\$1 170

Planning the audit solely to detect individually material misstatements would overlook the fact that the aggregate of individually immaterial misstatements may cause the financial report to be materially misstated, and leaves no margin for possible undetected misstatements. Therefore, we reduce planning materiality to adjust for the total amount of errors expected to be detected during the audit and set performance materiality as a basis for audit planning and testing.

Relevant base	Planning materiality	Expected error rate	Performance materiality
Receipts	\$1 170	10.0%	\$1 050

Materiality (continued)

We are required to communicate with those charged with governance, uncorrected misstatements and their potential implications for the audit report. The summary below shows the uncorrected misstatements which we will communicate to those charged with governance.

Amount of error	Communication requirements
Less than \$20	These are considered trivial and are not accumulated on the scoresheet or communicated to those charged with governance.
Greater than \$20 and less than \$105	Individual amounts are accumulated on the scoresheet and the aggregate of all amounts communicated to those charged with governance.
Greater than \$105	Individually communicated to those charged with governance.

Materiality levels used in evaluating the audit findings at the conclusion of the audit may differ from the planning materiality because the surrounding circumstances may change and additional information will have been obtained during the course of the audit.

Focus on internal controls and substantive tests

We are required to understand the ANZAC Day Trust Fund's internal controls relevant to the audit regardless of whether we intend to place reliance on internal controls. In terms of the nature of ANZAC Day Trust Fund and efficiency of audit work, we have decided not to place any reliance on internal controls. The audit will focus on substantive tests around receipts and payments.

Audit timetable

Due to the size and nature of the ANZAC Day Trust, we only conduct audit testing during a single audit visit in March 2017. The work to be undertaken during this audit visit includes:

- Performing substantive tests around receipts and payments
- Verification of the financial report disclosures
- Issuing a final management report with audit findings and recommendations (if any)



Reporting and communication

We recognise that regular and timely communication with management is critical to maintaining an effective and transparent audit relationship. While we will communicate with you throughout the year, we have outlined below the planned dates for significant communications and reporting which have been discussed with management.

Deliverable	Responsibility	Agreed date
Financial report certified	ANZAC Day Trust Fund	30 January 2017
Final audit commences	Tasmanian Audit Office	7 March 2017
Management Representation Letter signed	ANZAC Day Trust Fund	17 March 2017
Audit report (including final management report) issued	Tasmanian Audit Office	23 March 2017

Audit performance

We are committed to obtaining and responding to feedback received on the audit we have conducted and the recommendations we have provided. This process will be facilitated through either:

- the use of a Client Feedback Questionnaire
- a client interview, which may involve management.



3. Our understanding of the ANZAC Day Trust Fund

3.1. ANZAC Day Trust Fund overview

The Trust was established in 1970 following an agreement between the Returned Services League (RSL), horse racing authorities and the State Government to allow horse racing and other sporting events after midday on Anzac Day. In exchange for allowing sporting events on Anzac Day, the RSL negotiated that a portion of the profits from those race meetings should be provided to a fund, administered by the Trust, to assist ex-service personnel and their dependents.

When it was established, the Trust was to receive an amount equal to half the net profits of race meetings held on Anzac Day. However, it was very rare that Anzac Day race meetings resulted in a net profit, which led to a change in the legislation in 1981 to allow a payment in lieu of the sum derived from race meetings. Further amendments in 1994 regularised this practice, and in 1999 the Treasurer agreed to index the payment in line with movements in the consumer price index.

The Trust provides grants to service organisations to assist with supporting the welfare of ex-service personnel and their dependents. Service organisations caring for, or assisting, veterans and ex-service personnel, their widows and/or dependent wives and children, are eligible to apply to the Trust. The Trust has determined that applications will be accepted from State or head organisations only.

3.2. Key areas of audit focus

A key component of developing our Strategy is to understand the Trust's business, the environment in which it operates and how that will impact upon audit. Discussions with management have not identified any changes to the operations and processes of the Trust since the prior year. We have held discussions with and obtained certain information from management to understand the operations of the ANZAC Day Trust Fund and potential business developments.

In terms of identifying the key areas of audit focus for the audit of the ANZAC Day Trust Fund, we have not identified any key audit matters or significant risks. Our audit will focus on verifying the receipts and payments processed by the Fund.

4. Audit team

Name and position	Role	Experience and qualifications
<p>Jara Dean Assistant Auditor-General Financial Audit</p>	<p>Signing Officer Responsible for signing the audit opinion</p>	<p>Jara began his professional career with the Tasmanian Audit Office (TAO) in 2005, after graduating from the University of Southern Queensland. Prior to joining TAO, he studied and worked in accounting and business administration in both Australia and overseas. Jara holds a Bachelor of Commerce degree and is a member of CPA Australia.</p> <p>During his time at TAO, Jara has been involved in varying roles and audit engagements. His experience across a range of entities and industries allows him to bring a broad-based perspective.</p>
<p>Derek Burns A/Director Financial Audit</p>	<p>Engagement Leader Primary contact for the audit and is responsible for the overall quality, value and timeliness of our audit services</p>	<p>Derek commenced with the audit office as a graduate in 1994 progressing through to the position of Director-Financial Audit. Derek left the office in 2005 to pursue other financial accounting roles, but returned in February 2011. His experience has included audits of government departments, local government entities, companies and government business entities. Derek has a B.Com from the University of Tasmania and is a CPA.</p>
<p>Martin Ma Graduate Financial Auditor</p>	<p>Team Leader Responsible for the day-to-day management and delivery of the audit</p>	<p>Martin joined TAO in November 2015. Over this period, Martin has been involved in a number of audits, including general government sector entities, government businesses and local government authorities. Martin has BIS, BBus (Honours) and MPA from the University of Tasmania. Currently, he is undertaking the CPA Program.</p>

Key points of contact for audit related matters are:

Audit related matter	Primary contact	Secondary contact
Audit progress	Engagement Leader	Team Leader
Quality/responsiveness	Engagement Leader	Signing Officer
AGM invitations	Signing Officer	Engagement Leader



The Tasmanian Audit Office is an independent agency charged with upholding public integrity in Tasmania.

The Office assists the Auditor-General to provide an independent view of the financial and operational performance of State entities. The new *Audit Act 2008* (Audit Act) sets out the Auditor-General's functions, mandate and powers.

The Auditor-General

Under the *Audit Act*, the Auditor-General must undertake audits of financial statements of Tasmanian State entities and issue audit reports outlining their compliance with relevant legislation and accounting standards. The Auditor-General must also prepare an audit report on the Public Account Statements and any other statements required to be prepared by the Treasurer in accordance with any written law. All of these audits must be completed within specified time frames.

Audits

Audits must be completed in accordance with the requirements of Australian Auditing and Assurance Standards with audit reports, both the audit opinion and any management letters, issued to the State entity's responsible Minister and to the relevant accountable authority. Whilst not a legislative requirement, when conducting audits of State entity financial statements, regard is had to whether there has been any waste of public resources or any lack of probity or prudence in the management of or application of public resources. In addition, the Auditor-General has the authority to undertake:

- Performance audits examining the efficiency, effectiveness and economy of a State entity, a number of State entities, or a part of a State entity or a subsidiary of a State entity
- Examination or investigation into any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity
- Examination or investigation into any matter relating to public money, other money or to public property or other property
- Compliance audits examining the compliance by a State entity or a subsidiary of a State entity with written laws or its own internal policies.

The results of all audits conducted by the Auditor-General are reported to Parliament for its consideration.

Audit Act 2008

The *Audit Act 2008* can be downloaded from www.thelaw.tas.gov.au

