Australian Government
Australian Taxation Office

GST governance and risk management
Simple checklist for small-to-medium enterprises (SME)

This checklist will help small-to-medium enterprises with a turnover of $2–10 million complete a simple self assessment of their GST governance and risk management processes against a list of best practice actions.

It can help you:

- identify your GST governance, risk management and assurance processes
- determine whether your processes follow best practice
- help you to meet your GST compliance obligations
- identify additional measures you can take to reduce the risk of GST compliance failures.

Completing this assessment will help you check that:

- you are paying the correct amount of GST
- you are prepared for any unusual transactions or system failures
- you and your staff have the skills and expertise to manage your GST affairs
- your systems can cater for the growth and expansion of your business
- you are getting the GST credits you are entitled to.

Consider the following best practice actions against your policies and procedures to determine your response to the last question in each section.

1 GOVERNANCE AND RISK MANAGEMENT

Do you have processes in place to:

- [ ] clearly document governance and risk management polices and processes
- [ ] involve owners/management in the GST process
- [ ] ensure owners/management sign off on internal control procedures.

Do you have good governance and risk management policies in place?

Yes [ ] No [ ] Unsure [ ]

2 PROCESSING AND REPORTING

a) Documented processes

Do you have processes in place to:

- [ ] keep your employees up-to-date with GST documentation
- [ ] update your GST documentation to reflect changes to the law
- [ ] ensure lodgment and payment due dates are met.

Are all important processes documented and available to employees?

Yes [ ] No [ ] Unsure [ ]

b) GST transactions

Do you have processes in place which:

- [ ] ensure staff can recognise unusual, large and complex transactions. Also when and who they should notify if issues occur
- [ ] take full advantage of the exception reporting included in your accounting software
- [ ] consider the full GST implications before entering into business relationships
- [ ] ensure the correct classification of your inputs and products
- [ ] confirm that suppliers provide you with accurate, timely and valid tax invoices
- [ ] provide your customers with accurate, timely and valid tax invoices
- [ ] automate your systems, where resources allow, to reduce manual entry
- [ ] identify appropriate lodgment and payment dates.

Are there strong controls in place to monitor your GST obligations and transactions?

Yes [ ] No [ ] Unsure [ ]

c) Reconciliation

Do you have processes in place to:

- [ ] generate exception reports when changes are made and where BAS data differs from other data
- [ ] ensure your internal controls meet your GST needs. For example, your processes should only record GST where the input includes GST, a valid tax invoice is held, and the GST is eligible to be claimed.

Do you have strong reconciliation processes in place?

Yes ☐ No ☐ Unsure ☐

3 RESOURCES AND CAPABILITIES

a) Staffing

Do you have processes in place to:

- [ ] ensure your employees have clearly defined roles and are kept up to date with changes to GST law
- [ ] provide employees with regular GST training and updates
- [ ] ensure employees have appropriate skills and resources to meet your GST obligations
- [ ] provide employees with access to expert advice.

Do your employees have the appropriate resources and training to deal with your GST issues?

Yes ☐ No ☐ Unsure ☐

b) Segregation of duties

We suggest, if you have the staffing resources available, you:

- [ ] separate responsibility for BAS preparation and authorisation for lodgement
- [ ] separate responsibility for BAS payments/receipts from access to GST accounts.

Are key tasks divided between a number of different employees?

Yes ☐ No ☐ Unsure ☐

c) Business continuity

Do you have measures in place to:

- [ ] ensure that more than one person in your organisation has a working knowledge of the GST system
- [ ] ensure that all information is stored securely, backed-up regularly and you have anti-virus software installed.

Are your systems secure?

Yes ☐ No ☐ Unsure ☐

4 ASSURANCE

Do your assurance processes:

- [ ] regularly test the accuracy and reliability of your information systems and internal controls
- [ ] utilise internal and external audit services, where possible
- [ ] compare your actual performance with the *Small business benchmarks* for your industry, where available
- [ ] ensure your computer systems meet your GST reporting needs.

Do you regularly review your systems?

Yes ☐ No ☐ Unsure ☐

This checklist is designed to help you carry out your own self-assessment. It does not form part of your reporting requirements. You can save the checklist on your computer hard drive or print to keep as a hard copy for your records.

If after completing this checklist you have identified areas where your GST governance and risk management can be improved, you should complete the *SME comprehensive checklist* (NAT 73949B).

Print checklist | Save checklist | Reset checklist