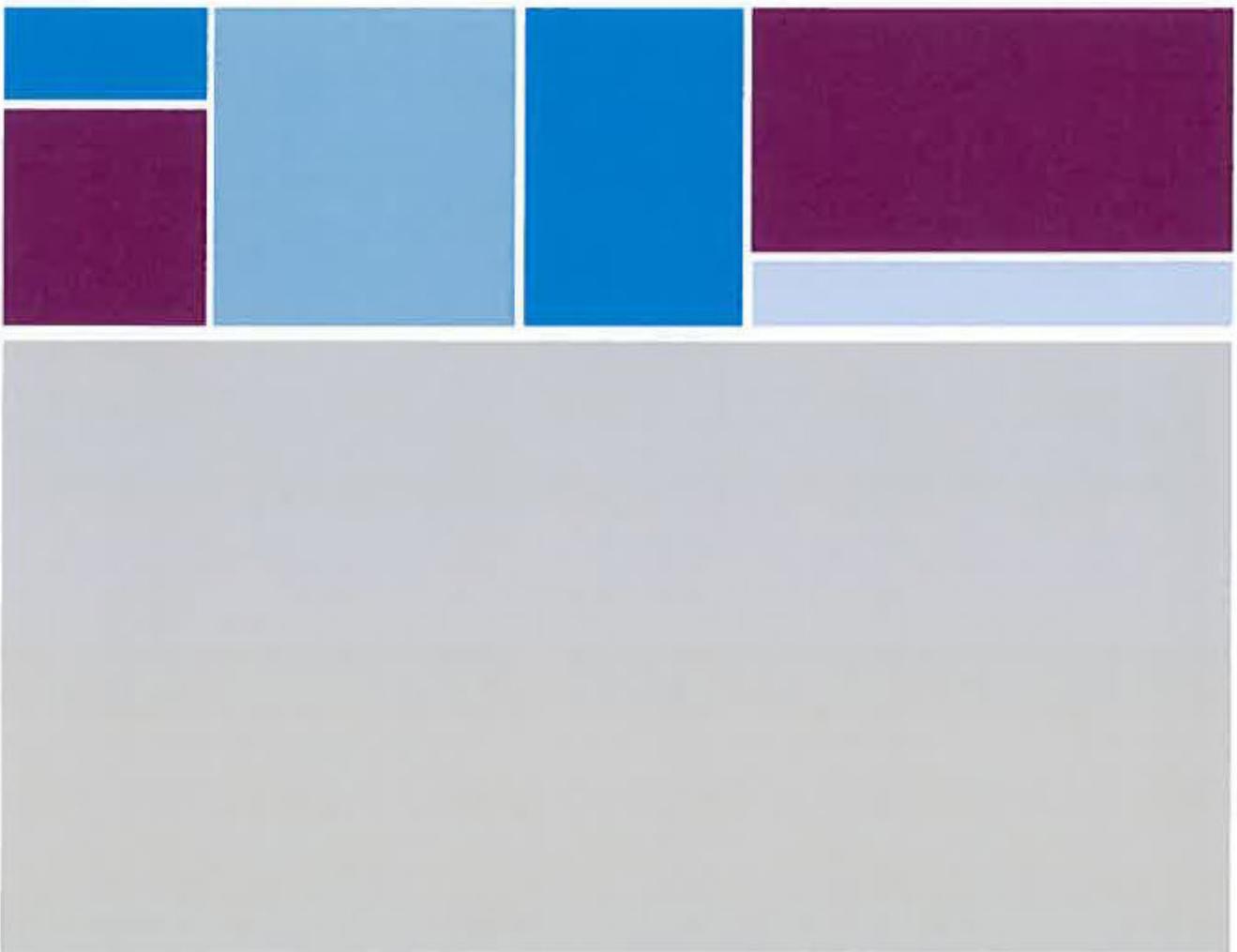


# Compliance Review Report

Country Liberals – Northern Territory

June 2013



**AEC**

Australian Electoral Commission

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## Review details

Location of review: Australian Electoral Commission  
West Block, Queen Victoria Terrace  
PARKES ACT 2600

Date of visit: June 2013

AEC review officers: Brad Edgman (Director)  
Alan Page  
Mary-Ann Waters

Party staff involved: Victoria Menschelyi

### Background

Registered Political Parties and Associated Entities are required under the provisions of the *Commonwealth Electoral Act 1918* (the Act) to lodge annual disclosure returns. The Australian Electoral Commission (AEC) has powers under the Act to review records and gather relevant information to assess whether disclosure obligations have been met.

The purpose of the review was to assess whether the disclosure return for the 2011-12 financial year lodged on behalf of the Country Liberals NT (the Party) complies with disclosure obligations as set out in the Act.

### Compliance and cooperation

#### Branch Office

During the review, AEC staff examined financial records of the Branch Office for the 2011-12 financial year. The Party fully complied with the first s316(2A) notice in delivering requested records to the AEC by the due date.

#### Party Units

The AEC also selected 10 party units from a list of 10 party units provided by the Branch Office to examine the accuracy of the returns that party units lodge with the Branch Office.

**Table 1 – Party units selected for review**

Name of party unit	Name of party unit
Darwin	North Darwin
Trower	Calder
Wishart	Litchfield
Katherine	Barkly
Alice Springs	Rural

The information from the selected party units was not provided by the due deadline of Friday, 15 March 2013. The AEC provided four weeks for the delivery of records, this deliberately generous timeframe being designed to allow easy accommodation of this task in the normal course of the Party's operations. The Party had no explanation as to why the requested records which were due on 15 March 2013 were not fully provided. Documents for only one party unit 'Darwin Branch' were received on 28 March 2013.

It should be noted that it is an offence under the Act to not comply to the fullest extent possible with a notice issued under s.316(2A), including delivering the requested information by the due date. The AEC should be notified immediately of any genuine impediment to being unable to comply with any further notice to prevent prosecution action being commenced.

## Review findings requiring amendment

Detailed examination of the Party's records, identified a number of discrepancies that in our opinion requires correction on the 2011-12 disclosure return

### Total receipts and payments

Section 314AB(2)(a) of the Act requires the agent of a registered political party to report the total amount received by, or on behalf of, the party during the financial year. Similarly, s314AB(2)(b) of the Act requires the agent of a registered political party to report the total amount paid by, or on behalf of, the party during the financial year.

To satisfy this, the entire Party, that is, the Branch Office and all its party units, must account for all transactions that result in receipts from and payments to external entities including to other State branches or associated entities of the party. These transactions must be accounted for on a gross basis without any offsetting, including of GST.

Transactions within the Party, including those between the Branch Office and party units and between the party units themselves, represent internal transfers. Such transactions should be eliminated from the calculation of total receipts and payments to avoid inflating the total amounts reported in the return.

Based on the information included in the financial records examined, the review identified inaccuracies with regard to the total amounts reported in the return. Two factors contributed to the inaccuracies of the total amounts, namely:

- amounts from all party units were omitted from the calculations of the total amounts; and
- the amount recognised as a gift-in-kind was not included in the total.

The table below compares the total amounts reported in the disclosure return with the total amounts reported in the bank statements adjusted for internal transfers, party unit transactions and gifts in kind.

**Table 2 – Comparison of annual return to bank statements**

	Total Receipts \$	Total Payments \$
Annual Return	494,757	323,197
Bank Statements	464,642	316,235
Party Units (less internal transfer)	159,131	80,144
Gift in kind	9,000	0
<b>Total *</b>	<b>632,772</b>	<b>396,379</b>
<b>Difference(under-disclosed)</b>	<b>-138,015</b>	<b>-73,182</b>

\*full breakdown is shown in Attachment A

We have used bank statements for all accounts as the basis for our calculations of amounts received and paid.

### Required amendments

Amended total receipts      \$632,772

Amended total payments      \$396,379

## Receipts above the disclosure threshold

Section 314AC of the Act requires disclosure of the particulars of the sum of individual amounts received by, or on behalf of, a party from a person or organisation during the 2011-12 financial year of more than \$11,900.

On examination of the party's produced reports listing all transactions recorded in the Party's general ledger together with a visual inspection of individual credit amounts in the bank statements revealed one amount above the threshold that was not individually disclosed. This amount is listed below.

Required amendment ( New Entry )		
Name	Address	Amount
Alison Anderson	c/- Alice Art Gallery Alice Springs NT 0870	\$20,000

In view of the above, it is our opinion that an amended amount should be reported in Part 2 of the amended annual return.

## Total debts

Section 314AB(2)(c) of the Act requires the agent of a registered political party to report the total outstanding amount as at the end of the financial year of all debts incurred by or, on behalf of, the party.

Following our analysis of information included in the balance sheet, we identified inconsistencies between the total amount of debt reported in the annual return and documentation provided. The total liability amount reported on the balance sheet was used as the basis for our calculation of the total outstanding amount. A full breakdown of this figure can be viewed in Attachment A.

## Required amendment

Amended total debts	\$233,113
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Based on this document, it is our opinion that Part 4 of the Request for Amendment form should be completed to show the total amount of debts as set out below.

## Matters requiring future action

The following matters need to be addressed before lodgement of disclosure returns in the future.

### Accuracy of reporting - consolidated financial information

To ensure more accurate reporting of the total figures in the disclosure return, the Party must ensure that the reported figures are adjusted for any intraparty transactions. The consolidation process, therefore, should involve the elimination of any transactions that involve movement of funds between:

- bank accounts within the Branch Office;
- the Branch Office and party units;
- within a party unit if more than one account is held; and
- various individual party units.

There is some indication in the Party's working papers that such adjustments were performed. As the adjustments provided in the course of the review varied significantly from those reported in the working papers it appears that the consolidation process undertaken at the time did not capture all of the relevant information. The process involving consolidation of the Party's accounts therefore needs to be reviewed and refined so that the audit trail regarding the consolidation of accounts is available in the future.

### Recommended actions

1. The Branch Office of the party must capture and eliminate all intraparty transactions recorded in its accounting system so that the Party's monetary amounts reported in the annual disclosure return reflects the true and correct totals.
2. The Branch Office must maintain appropriate evidence to support the figures it reports in its working papers.

## Conclusion

This conclusion is based on the fact that financial information from only one out of the ten requested party units was made available to the AEC. Except for this matter, nothing has come to our attention that causes us to believe that the Party has not complied, in all material respects, with its disclosure obligations under the Act.

In future, if this matter is not rectified the total figures will not be verified and consequently no guarantee will be given that the Party has complied, in all material respects, with its

disclosure obligations under the Act. To ensure future compliance with the Act, the matters noted should be remedied.

For your convenience, a 2011-12 Request for Amendment – Political Party Disclosure Return form has been enclosed for your signature. Please return the signed completed amendment form to the AEC by **Wednesday, 13 November 2013**.

If it is your contention that our findings are incorrect or you wish to request amendments that are different or additional to those we have listed above, please also provide an explanation along with any supporting working papers and documents by this due date.

### Enquiries and Assistance

Should the party require any assistance regarding its disclosure obligations under the Act, please contact the AEC's Funding and Disclosure Section either on telephone number (02) 6271 4552 or by email at [fad@aec.gov.au](mailto:fad@aec.gov.au).

## ATTACHMENT A

## Receipts

<b>Bank Statements - amounts</b>		
No. 1 Account		290,881
NT Election Account	131,351	
less internal transfers from No. 1 & Federal election acct	350	131,001
Federal Election Account		42,760
Add gift in kind		9,000
Add Party units	191,160	
less internal transfers HO and party units	32,030	159,131
<b>Total</b>		<b>632,772</b>

## Payments

<b>Bank Statements - amounts</b>		
No. 1 Account	272,279	
less internal transfer to NT Election Account	350	271,929
NT Election Account		36,859
Federal Election Account		7,446
Add Party Units	112,174	
less internal transfer between HO and Party units	32,030	80,144
<b>Total</b>		<b>396,379</b>

## Debt

<b>Balance Sheet &amp; Notes</b>		
<b>Liabilities (Note7)</b>		
Current Liabilities		
Unsecured		
Trade creditors	37,363	
Other creditors	8,077	
Secured Trade creditors	37,673	83,113
Non-current Liabilities		
Financial liabilities		150,000
<b>Total</b>		<b>233,113</b>