

# Compliance Review Report

NTN Services

November 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:	Ms Victoria Zhou

### 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 NTN Services (the Entity) complies with disclosure obligations as set out in the Act.

### Compliance and cooperation

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

## Review findings requiring amendment

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

### Total receipts and payments

Section 314AEA(1)(a) of the Act requires the financial controller of an associated entity to report the total amount received by, or on behalf of, the entity during the financial year.

Similarly, s314AEA(1)(b) of the Act requires the financial controller of an associated entity to report the total amount paid by, or on behalf of, the entity during the financial year.

To satisfy this, the Entity, 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.

Based on the information included in the financial records examined, the review identified inaccuracies with regard to the total amounts reported in the return.

The table below compares the total amounts reported in the disclosure return with the total amounts reported in the bank statements

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

	Total Receipts \$	Total Payments \$
Annual Return	235 500	182,221
Bank Statements*	239 549	203,641
<b>Difference(under-disclosed)</b>	<b>-4 049</b>	<b>-21 420</b>

\* see Attachment A for full details

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

## Required amendments

Amended total receipts      \$239 549

Amended total payments      \$203 641

## Total debts

Section 314AEA(1)(c) of the Act requires the financial controller of an associated entity to report the total outstanding amount as at the end of the financial year of all debts incurred by or, on behalf of, the entity.

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.

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.

### Required amendment

Amended total debts                      \$157 181

### 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, an entity from a person or organisation during the 2011-12 financial year of more than \$11 900. In calculating the sum, an amount of \$11 900 or less need not be counted [s.314AC(2)].

Our examination of the transactions recorded in the Entity's general ledger and the Entity's working documents revealed one undisclosed amount.

In view of the above, unless further evidence is provided, in our opinion, the details of the omitted receipt should be reported in Part 3 of the amended return as indicated below

Part 3 of the *Request for Amendment* form, therefore, should be completed to show the details of the receipt as set out in the table below.

Required amendment		
Name	Address	Amount
Australian Taxation Office	P O Box 9845 Brisbane QLD 4001	\$26 931

## Debts above the disclosure threshold

Section 314AE of the Act provides that if the sum of all outstanding debts, incurred by, or on behalf of, the entity to a person or an organisation during a financial year is more than the threshold, the return must include the particulars of that sum. For the 2011-12 financial year the threshold was the sum of the relevant amounts in excess of \$11 900.

Following our analysis of information included in the balance sheet, revealed one undisclosed amount. In view of the above, unless further evidence is provided, in our opinion, the details of the omitted receipt should be reported in Part 6 of the amended return as indicated below

Required amendment		
Name	Address	Amount
Future Skills Limited	PO Box 55 Moorooka QLD 4105	\$119 457

## Conclusion

Except for the matters noted above, nothing has come to our attention that causes us to believe that the Entity has not complied, in all material respects, with its disclosure obligations under the Act. To ensure full compliance with the Act, the matters noted above should be remedied.

For your convenience, a 2011-12 Request for Amendment – Associated Entity Disclosure Return form has been enclosed for your signature. Please return the completed amendment form to the AEC by **Wednesday, 18 December 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

## Total Receipts and Payments

6				
Statement Number		Receipt Amount (\$)	Payment Amount (\$)	Balance (\$)
47		36,358.02	49,101.23	19,273.56
48		42,648.01	56,990.19	4,931.38
49		51,837.36	41,485.22	15,283.52
50		108,705.19	56,064.66	67,924.05
<b>TOTALS</b>		<b>239,548.58</b>	<b>203,641.30</b>	<b>67,924.05</b>

## Debt

Balance Sheet & Notes	\$
<b>Current Liabilities - Note 11</b>	
Trade creditors	23,831
GST Payable	3,379
Accrued Expenses	10,514
Payable to related party – Future Skills Limited	119,457
<b>Total</b>	<b>157,181</b>

## **REDACTION CODES**

- 1 Personal Information (name) redacted.
- 2 Personal Information (facsimile of signature) redacted
- 3 Personal Information (facsimile of manuscript initialling) redacted
- 4 Personal Information (Individual's address)
- 5 Personal information (individual's telephone number)
- 6 Business information (Bank Account details) redacted.
- 7 Business information (Billing Account details) redacted.
- 8 Legal Professional Communication redacted.
- 9 Deliberative material redacted.
- 10 Irrelevant material redacted.