

# Compliance Review Report

The Greens – NSW

August 2014



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## Review details

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

AEC review officers: Ralph Fayed  
Paul Lau

Party staff involved: Mr Christopher Harris

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## 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 2010/11 financial year lodged on behalf of The Greens NSW (the Party) complies with disclosure obligations as set out in the Act.

## Compliance and cooperation

### State Office

During the review, AEC staff examined financial records of the State Office for the 2010/11 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 ten (10) party units (Table 1, refers) from the total population of fifty three (53) responsible to the State Office. Documentation for the 10 selected party units, requested in a second s.316(2A) notice, was received in all cases by the due date, except for a small number of bank statements. The purpose of this part of the review was to validate the financial activity as recorded in selected party unit's internal disclosure returns lodged with the State Office.

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

Party unit names	
1. Ashfield Greens	6. Marrickville Greens
2. Goulburn Greens	7. Northern Beaches Greens
3. Lower North Shore Greens	8. Northern Rivers Greens
4. Macarthur Greens	9. Port Jackson Greens
5. Manly Greens	10. Sutherland Greens

## Review findings requiring amendment

Detailed examination of the Party's records identified the following discrepancies in the disclosure of the Party's receipts above the threshold, which will require amendment.

### Receipts above the threshold

Section 314AC(1) of the Act provides that if the sum of all amounts received by, or on behalf of, the Party from a person or organisation during a financial year is more than the indexed threshold, the return must include the particulars of that sum. For the 2010/11 financial year this indexed threshold for disclosure was set at any amount more than \$11,500. In calculating that sum, an amount of \$11,500 or less need not be counted (s.314AC(2) refers).

To ensure the capture of all receipts above the indexed threshold all bank statements deposits above the threshold should be vetted for individual receipts above the threshold. This should be undertaken in conjunction with vetting of the general ledger for individual receipts above the threshold.

Receipts above the \$11,500 indexed threshold omitted from the Party's disclosure return will now be included in Part 2 of the 2010/11, '*Request for Amendment – Political Party Disclosure Return*' form, as set out below.

## Required amendments

Name	Postal address	\$ Amount received	Donation or Other Receipt
Greg Hall	330 Glenwarrin Road, Elands, NSW, 2429	20,000	Other Receipt
Jeremy Buckingham	32 Larela Circuit, Orange, NSW, 2800	70,000	Other Receipt
Chris Harris	101/8 Point Street, Pyrmont, NSW, 2009	100,000	Other Receipt
Tanya Excel	111 Victoria Road, Bellevue Hill NSW, 2023	20,000	Other Receipt
ATO*	2 Lang Street, Sydney, NSW, 2000	46,366	Other Receipts
David Black	8 The Crescent, Manly, NSW, 2095	20,000	Other Receipts
Australian Greens	GPO Box1108, Canberra, ACT, 2601	16,380	Other Receipts

\* The amount of \$46,366 is a combination of two receipts above the threshold (i.e. \$18,359 and \$ 28,007).

## Matters requiring future action

It is recommended that consideration be given to addressing the following matters before lodgement of disclosure returns in the future.

### Total receipts and payments

To satisfy disclosure requirements under the Act, the Party and its party units must account for all transactions that result in receipts from and payments to external bodies. These transactions would include payments due to asset purchases and receipts from loans taken out during the relevant financial year. The disclosable amounts must also include any taxes and charges such as 'Goods and Services Tax' (GST). Further, no netting-off of either receipts or payments against each other should be undertaken, such as in the case of fund raising events.

Accordingly, receipts and payments required for disclosure purposes under the Act do not embrace the accrual concepts of 'total income' and 'total expenditure' embodied in profit and loss statements. Further, the profit and loss statements are usually net of GST, as they are in this Party's case (Note 1 to the audited 2010/11 financial statements, refers).

The AEC uses bank statements as an independent, consistently cash based, corroborative benchmark, against which to assess the total receipts and total payments amounts derived by the Party.



The raw total amounts calculated by the Party's must be adjusted for internal transfers. Internal transfers can arise as a result of transactions between bank accounts held by:

- Head Office;
- Head Office and party units;
- one party unit and another party unit; and
- an individual party unit.

This 'churn' of funds within the Party should be eliminated from the calculation of total receipts and total payments to avoid incorrectly inflating amounts reported in the disclosure return. Accordingly, only the Party's transactions with the outside world should be included in disclosure.

### Party units record keeping

Generally, the financial information reported by party units in their disclosure returns to the State Office was complete and supported by sufficient records. The party units in most cases had disclosed information in accordance with instructions included in the party unit return titled '*Local Group Finance Report 2010-2011 Financial Year for the Australian Electoral Commission*'.

In the compliance review of party units, the AEC calculated the totals based on the amounts reported in the banks statements and cash books provided by each party unit treasurer.

The suggestions for general record keeping improvements outlined below should assist the Party to more easily meet its disclosure obligations under the Act. The suggestions centre around maintaining a cash book and/or a general ledger, together with the features outlined below, for each financially independent party units.

- All accounting records should be obtained recorded and held for timely processing by the Party's State Office.
- Reconcile all bank statements to the cash book/general ledger periodically.
- Capture and eliminate all party unit internal transfers.
- Record all transactions with sufficient details to identify not only the amount of these transactions but also with whom and when these transactions occurred.
- Record all transaction details when deposits are composed of a number of individual receipts.
- Typically record all cash receipts and all cash payments with the aid of receipts and cheques written, either in manual or electronic form.
- Pass all transactions through a bank account.
- Transactions should be recorded in the cash book/general ledger as they occur and the bank statements used to corroborate these transactions and validate an accurate carry forward cash balance.

## Audit trail

The Party advised that it used a software accounting package called '*Mind Your Own Business*' (MYOB). The Party also advised that the '*Audit Trail*' tracking security feature available in this software was used. The feature once turned on will log all changes made to the database complete with date, description and user details.

To be effective this feature should be accompanied with strong user password controls and access controls. As a minimum this would ensure that users are uniquely identified and the system administrator would turn the feature on but have no access to data processing and conversely staff inputting data would have no capacity to turn the audit trail on or off.

The AEC would have greater confidence in the accounting data being provided if these suggested data security measures were in place.

## Quality of work papers

Work papers that support and substantiate the amounts in the Party's disclosure return should be prepared, not only as an ongoing training aid to future incoming party officials preparing the disclosure return but also to give assurance that the journey from source documents to disclosed amounts is completely and accurately disclosed, under the provisions of the Act.

## Conclusion

To ensure full compliance with the Act, the matters noted above need to be remedied.

For your convenience a '*Request for Amendment – Political Party Disclosure Return*' form for the financial year 2010/11 has been completed. The form incorporates the agreed amendments, as outlined in the report above. The form should be signed by the party agent and returned to the AEC at your earliest convenience.

## 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).

## **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.