

Compliance Review Report

Altum Pty Ltd ATF Altum Property Trust

April 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

AEC review officers: Anna Jurkiewicz
Warren Kelly
Brad Edgman

Entity staff involved: 1 [REDACTED]
Angela Awabdy
1 [REDACTED]
1 [REDACTED]

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 Altum Pty Ltd ATF Altum Property Trust (the Entity) complies with disclosure obligations as set out in the Act.

Compliance and co-operation with the notice

The compliance review of the Entity was conducted under the authority of s.316(2A) of the Act by a notice served on the Entity's financial controller. In accordance with s.316 (2A)(c), the financial controller of an associated entity is required to produce the documents requested in the notice within the period and in the manner specified in the notice.

As is standard practice, 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 Entity's operations. Nonetheless, the AEC met difficulty in obtaining the full set of requested records by the due deadline of 12 June 2012. The then Financial Controller, Mr James Martin provided the documents a week later following a number of reminders about the missed deadline with some missing bank statements not provided until 2 July 2012.

The review was further delayed by changes in the Entity's personnel with a new financial controller appointed not until October 2012. Following appointment of the new financial controller, the new s.316(2A) notice was issued to Ms Angela Awabdy on 24 October 2012.

Review findings requiring amendment

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. The amount received must be reported on a gross basis, inclusive of GST, and include the value of any gift, loan or bequest in accordance with s.314AA of the Act.

Section 314AEA(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.

The review identified discrepancies between the total amounts of receipts and payments reported in the disclosure return and the documentation provided. Our analysis of the Entity's financial records revealed that whereas total receipts were under-stated by \$2 840 473.90, total payments were over-stated by \$81 377.65

With regard to the total receipts the key factors that contributed to the under-reporting were:

- the omission to acknowledge the receipt of a loan from St Paul's Terrace Trust for the amount of \$2 898 421.92 obtained for the purchase of property at Bowen St, Spring Hill; and
- the omission to eliminate reversals of three duplicate transactions totalling \$75 853.53 that comprised the amounts of:
 - \$23 028 (6 St Paul's Terrace Trust);
 - \$209 (Macpherson Lawyers); and
 - \$52 616.53 (Wright Property Management).

The loan received from 6 St Paul's Trust is reflected in the Entity's General Journal entry (GJ000451) dated 31 January 2011. Whilst there is no evidence of the actual amount being deposited in the bank account of the Altum Property Trust, a constructive receipt, that is the receipt not in actual physical possession, must also be accounted for, in particular, when the amount is acknowledged and reported by the Entity in its disclosure return as debt. We note that the Entity acknowledged the receipt of that amount in the disclosure return by listing it as part of the \$3 060 132.82 received from the 6 St Paul's Trust under the category *Receipts over \$1,000 for period 1 July 2010 to 31 December 2010*.

The withdrawal of the \$2 898 421.92 amount is evidenced in the 6 St Paul's Trust's Bank Bill Loan facility on 31 January 2011 described as *withdrawal for settlement*. It appears, therefore, that the amount for purchase of the property was paid directly to the vendor by LNP Nominees Pty Ltd ATF 6 St Paul's Trust from its loan account number 034-000 46-0483 on behalf of the Altum Property Trust.

With regard to the total payments, the Entity has over-reported the amount by \$81 377.65. This appears to be largely due to not eliminating reversals of the three duplicate transactions mentioned above.

Attachment A provides the details of our calculations of the total receipts and payments following the analysis of the records presented for the review.

As the discrepancies in relation to total receipts and total payments are considered significant the report should be amended to reflect the financial information contained in the Entity's records accurately.

In view of this, Part 2 and Part 4 of the *Request for Amendment* form should be completed to show the total amount of receipts and total payments as set out below:

Required amendment

Amended total receipts	\$4 090 097
Amended total payments	\$1 439 423

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 2010/11 financial year. For the 2010/11 financial year the threshold was the sum of the relevant amounts in excess of \$11 500.

In calculating the sum, an amount of \$11 500 or less need not be counted (s. 314AC(2)).

The Entity reported five receipts above the disclosure threshold of \$11 500. However, the receipts are listed under the heading *Receipts over \$1,000 for period of 1 July 2010 to 31 December 2010*. This suggests that the amounts reported did not account for receipts relating to the period of 1 January 2011 to 30 June 2011. This factor may have contributed to under-reporting of the amounts received from Wright Property Management and Walton Constructions.

The information included in the accounting records provided for the review indicates that the amounts received from the Wright Property Management and Walton Constructions were under-reported by \$255 016.46 and \$141 325.86 respectively.

On the other hand, the amount of \$3 060 132.82 reported as received from 6 St Paul's Terrace Trust appears to have been over-reported. The information included in the Entity's accounting records show that the reported amount consists of four transactions including:

- \$5 000 received from LNP Nominees Pty Ltd on 12 November 2010
- \$153 675 received from LNP Nominees Pty Ltd on 18 November 2010;
- \$3 035.90 received from LNP Nominees Pty Ltd on 7 December 2010; and
- \$2 898 421.92 recorded in the General Journal as received from 6 St Paul's Trust on 31 January 2011.

Assuming that the full amount of \$3 060 132.82 was received from the 6 St Paul's Trust via the Trustee, LNP Nominees Pty Ltd, then the amount to be disclosed in accordance with s.314AC should total \$3 052 096.90 (\$2 898 421.92 + \$153 675). This means that the amounts of \$5 000 and \$3 035.90 do not need to be counted as both fall below the requisite disclosure threshold of \$11 500.

Attachment B lists the details of the transactions as identified in the Entity's accounting records received during the full financial year from the Wright Property Management and Walton Constructions.

To correct the discrepancies outlined above, Part 3 of the *Request for Amendment* form should be completed to reflect the amounts above the threshold as set out below.

Required amendment		
Received from	Amended Amount	Donation or other receipt
6 St Paul's Terrace	\$3 052 097	other receipt
Walton Construction (Qld) Pty Ltd	\$353 315	other receipt
Wright Property Management	\$613 597	other receipt

Matters requiring future action

Working papers supporting the disclosure return

The review encountered substantial delays in receiving the full set of documents in response to the notice as outlined in the report under *Compliance and Cooperation*.

The review was informed that in the absence of appropriate handover by the departing staff, sufficient documentation was not readily available to it to respond to the issues promptly. In the absence of well documented working papers supporting the disclosures made in the return, the new staff was unable to assist readily with unresolved issues raised by the review in the process of the review.

The Entity also should ensure that all relevant records and supporting documentation is retained and appropriately stored so that new staff can easily access the relevant information with regard to the disclosures made in the return.

The AEC recommends that a retention period of at least three years would be appropriate.

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.

Enquiries and assistance

Should the Entity require any assistance regarding its disclosure obligations under the Act, please contact the AEC's Funding and Disclosure Section either by calling us on (02) 6271 4552 or by email at fad@aec.gov.au.

Attachment A

Table 1: Total receipts

Details	\$ Individual amounts	\$Total receipts
Reported in Disclosure Return		1 249 623.00
6 [REDACTED]	1 267 528.51	
Deduct: Reversal (St Paul's Terrace Trust) - 28/01/11	-23 028.00	
Deduct: Reversal (Macpherson Lawyers) - 16/05/2011	-209.00	
Deduct: Reversal (Wright Property Management) - 17/05/2011	-52 616.53	
Add: Loan Received from St Paul's for purchase of Bowen St, Spring Hill	2 898 421.92	
Total Receipts		4 909 096.90
Difference from the reported figure		-2 840 473.90

Table 2: Total payments

Details	\$ Individual amounts	\$Total payments
Reported in Disclosure Return		1 520 801.00
6 [REDACTED]	1 515 276.88	
Deduct: Reversal (St Paul's Terrace Trust) - 28/01/11	-23 028.00	
Deduct: Reversal (Macpherson Lawyers) - 16/05/2011	-209.00	
Deduct: Reversal (Wright Property Management) - 17/05/2011	-52 616.53	
Total Payments		1 439 423.35
Difference from the reported figure		81 377.65

Table 1: Receipts above the threshold from Wright Property Management

ID_NO	DATE	MEMO	\$ AMOUNT	ACCOUNT_NO
CR000466	20/07/2010	Payment; Wright Property Management	50 617.15	6
CR000469	18/08/2010	Payment; Wright Property Management	50 617.15	
CR000474	16/09/2010	Payment; Wright Property Management	50 617.15	
CR000481	15/10/2010	Payment; Wright Property Management	50 617.15	
CR000485	17/11/2010	Payment; Wright Property Management	50 617.15	
CR000490	16/12/2010	Payment; Wright Property Management	50 617.15	
CR000493	18/01/2011	Payment; Wright Property Management	50 617.15	
CR000495	16/02/2011	Payment; Wright Property Management	50 617.15	
CR000497	17/03/2011	Payment; Wright Property Management	45 718.72	
CR000498	18/04/2011	Payment; Wright Property Management	57 708.45	
CR000500	17/05/2011	Payment; Wright Property Management	52 616.53	
CR000502	17/05/2011	Payment; Wright Property Management	52 616.53	
CR000503	17/06/2011	Payment; Wright Property Management	52 616.53	
		Total	666 213.96	
		Less: Reversal on 15/08/2011	-52 616.53	
		Total received	613 597.43	

Table 2: Receipts above the threshold from Walton Construction

ID_NO	DATE	MEMO	\$ AMOUNT	ACCOUNT_NO
CR000464	9/07/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	6
CR000472	31/08/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000473	3/09/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000478	22/10/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000483	22/10/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000491	17/12/2010	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000492	17/01/2011	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000494	4/02/2011	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000496	4/03/2011	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
CR000499	20/05/2011	Payment; Walton Construction (Qld) Pty Ltd	35 331.49	
		Total received	353 314.90	

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.