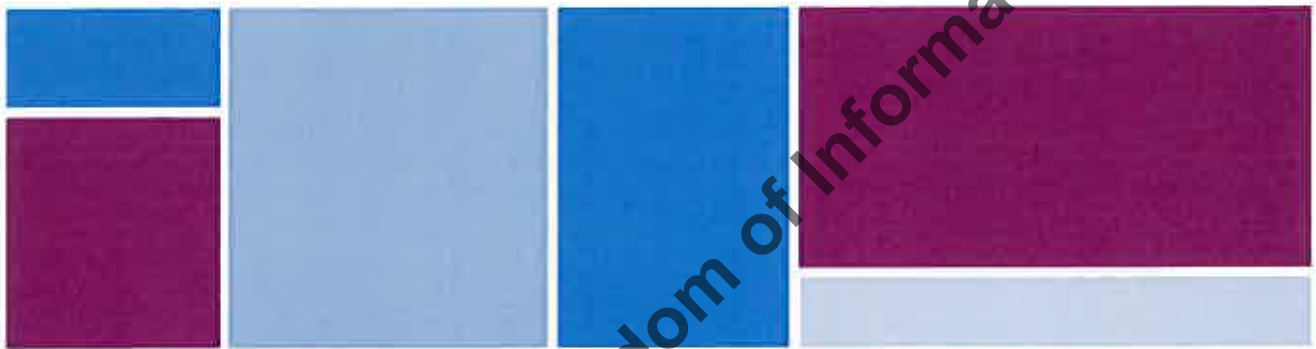


Compliance Investigation Report

Western Australian Prison Officers' Union of Workers

April 2015



Released under the Freedom of Information Act 1982



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Investigation details

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

AEC review Team: Alan Page – Assistant Director
Paul Lau – Compliance Officer

Entity staff involved: Mr John Welch - Secretary
Ms Gita Patel - Office Manager

Purpose of the investigation

The purpose of the compliance investigation was to assess whether the disclosure return for the 2012-13 financial year lodged on behalf of the Western Australian Prison Officers' Union of Workers (the Entity) complies with disclosure obligations as set out in Part XX of the *Commonwealth Electoral Act 1918* (the Act).

The Australian Electoral Commission (AEC) has power under s.316(2A) of the Act to review records and gather relevant information to assess whether the disclosure obligations have been met. Section 316(2A) requires any officer of the union to produce documents requested in a notice from the AEC within the period and in the manner specified in the notice.

Disclosure obligations

Registered political parties and associated entities are required under the provisions of the Act to lodge annual disclosure returns. The disclosure obligation is to disclose accurately and report, as required under s.314AEA of the Act, after the end of each financial year:

- the total amount received by, or on behalf of, the party;
- the total amount paid by, or on behalf of, the party; and
- the total outstanding amount of all debts incurred by or on behalf of, the party.

Section 314AC of the Act further 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 threshold, the return must include the particulars of that sum.

Similarly s.314AE of the Act provides that if the sum of all outstanding debts incurred by, or on behalf of, the associated 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.

Scope of the investigation

The AEC's investigation was limited to those financial records held by the associated entity that were considered to be relevant and sufficient to determine the completeness and accuracy of the information disclosed in the Entity's return. Under the Act the AEC does not have specific authority to, and did not, examine any other aspects of the Entity's financial operations such as the existence or effectiveness of internal controls.

The AEC's investigated the extent to which the financial information reported in all parts of the Entity's disclosure return was complete and accurate. As part of this process, the AEC issued one notice to the official under s.316(2A):

The Official responded to each notice by the due date providing the full set of records specified in the notice.

Records examined

The key financial records requested from the Associated Entity included:

- bank statements for all bank accounts and bank reconciliations;
- transaction reports for all accounts from the Associated Entity's accounting system;
- audited financial statements; and
- working papers supporting financial disclosures made by the Entity in its disclosure return.

Investigation Findings: Overview

Review findings

Lodgement requirement

Section 314AEA(1) of the Act requires if an entity is an associated entity at any time during a financial year, the entity's financial controller must furnish a return to the Electoral Commission, in the approved form, within 16 weeks after the end of the financial year which for the 2012-13 financial year was 20 October 2013.

The 2012-13 return from of the Western Australian Prison Officers' Union of Workers was lodged by the due date.

Total receipts, payments and debts

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, s.314AEA(1)(b) of the Act requires the financial controller of an associated entity to report the total amount paid, for or on behalf of, the entity during the financial year. These transactions must be reported on a gross basis inclusive of GST.

Section 314AB(2)(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.

During the investigation, AEC staff examined information and financial records produced by the Entity for the 2012-13 financial year. The team also analysed financial data collected from the union. No material omissions were found.

The AEC uses bank statements as an independent, consistently cash based, verifiable benchmark, against which to assess the total receipts and total payments amounts derived by the Party. Examination of the Entity's records identified discrepancies in the disclosure of the total receipts and total payments figures. The amounts identified by the AEC in its examination of documents provided by the Entity and compared against the disclosed amounts are provided in Tables 1 & 2 in Attachment A of this report. It is not apparent to the AEC the reason for these discrepancies.

The overstatements on the disclosure return of total receipts and total payments identified in the course of the compliance investigation are not considered material. There is, therefore, no necessity for an amendment to be lodged to correct these figures.

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 2012–13 financial year of more than \$12 100.

In calculating the sum, an amount of \$12 100 or less need not be counted (s.314AC(2)).

The review did not identify any discrepancies between the information contained in the disclosure return regarding receipts above the disclosure threshold and the documents examined.

Compiling with future disclosure returns

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

Work papers supporting disclosure

The AEC acknowledges that the Union provided original working papers in support of the disclosure totals, but it was difficult to see how the individual figures were derived and it was impossible to come up the totals that were disclosed. The AEC therefore recommends that the Entity provides a more informative version of its working papers in its response to future requests.

Gifts-in-Kind

The AEC recommends that the Entity maintains some form of register to enable it to more effectively record and keep track of gifts-in-kind provided to the Entity by external parties. It is suggested that such a register should include the following information; the date the gift was received, the description of the good/service, the identity and address of the donor and how the value of the gift was estimated.

Conclusion

Based on the records examined, the disclosure return lodged for the Food Preservers' Union of Western Australian Union of Workers for the 2012-13 financial year appears to be compliant with the disclosure obligations under the Act.

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 on telephone number (02) 6271 4552 or by email at fad@aec.gov.au.

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Attachment A

Table 1: - Summary of total receipts and total payments for the financial year ending June 30, 2013

Source	Total receipts \$	Total payments \$
Annual Disclosure Return	1,774,256	2,188,994
AEC calculations using bank statements	1,688,284	2,016,996
Variance from the Annual Disclosure Return	85,972	171,998

Table 2: - Total receipts and total payments calculated by the AEC for the financial year ending June 30, 2013, using the bank statements provided by the Entity

Bank statements	Total receipts \$	Total payments \$
13	1,299,153	1,213,737
<i>less transfers</i>	-115,517	0
13	2,119,382	2,225,265
<i>less transfers</i>	-687,879	-1,585,933
13	98,638	179,002
<i>less transfers</i>	-71,373	-75,000
13	58,007	59,923
<i>less transfers</i>	0	0
13	73,889	15,800
<i>less transfers</i>	-73,840	-15,799
13	315,976	0
<i>less transfers</i>	-300,001	0
13	8,815	687,879
<i>less transfers</i>	0	-687,879
13	75,814	0
<i>less transfers</i>	-75,000	0
Add Gifts-in-Kind	3,320	0
GRAND TOTAL	1,688,284	2,016,996
Amount disclosed by the Entity	1,774,256	2,188,994
Variance from the Annual Disclosure Return	85,972	171,998
	<i>Over-disclosed</i>	<i>Over-disclosed</i>

REDACTION CODES

- 1 Personal Information (name) redacted.
- 2 Personal Information (date of birth) redacted.
- 3 Personal Information (photograph) redacted
- 4 Personal Information (facsimile of signature) redacted.
- 5 Personal Information (facsimile of manuscript initialling) redacted.
- 6 Personal Information (Individual's address) redacted.
- 7 Personal Information (individual's telephone number) redacted.
- 8 Personal Information (individual's opinion) redacted.
- 9 Personal Information (opinion about individual) redacted.
- 10 Personal Information (employment history) redacted.
- 11 Personal Information (qualifications) redacted.
- 12 Personal Information (health) redacted.
- 13 Business information (Bank Account details) redacted.
- 14 Business information (Billing Account details) redacted.
- 15 Legal Professional Communication redacted.
- 16 Deliberative material redacted.
- 17 Irrelevant material redacted.

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