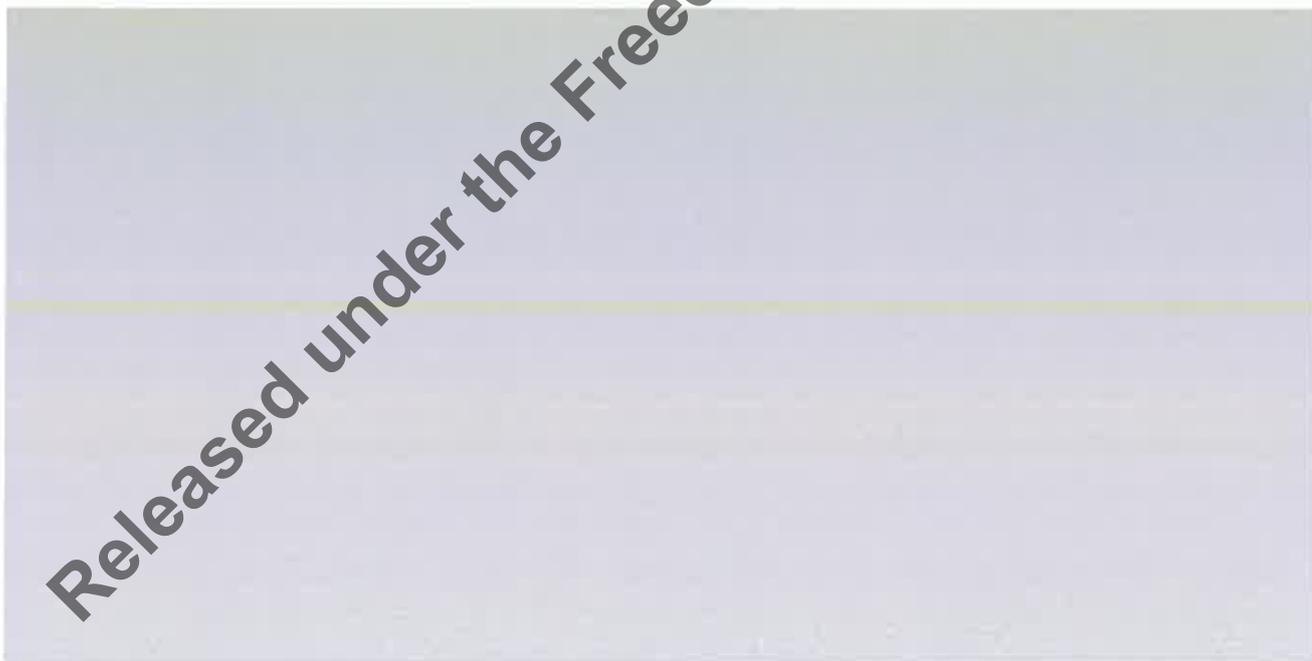


Compliance Investigation Report

Bendigo 250 Club

2013–14 Annual Disclosure Return

August 2015



Released under the Freedom of Information Act 1982



AEC

Australian Electoral Commission

Contents

Purpose of this report	2
Associated entity	2
Disclosure obligations	2
Conduct of the investigation	2
Stakeholder engagement	3
Scope of the investigation	3
The AEC's opinion	3
Conclusion	3
Attachment A	4
Attachment B	6

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Purpose of this report

This report provides the financial controller of the associated entity the Bendigo 250 Club (the Entity), Mr Daryl Hubbard, with the Australian Electoral Commission's (AEC) opinion as to whether he has complied with his obligation under s.314AEA of the *Commonwealth Electoral Act 1918* (the Act).

Associated entity

The 2013–14 annual disclosure return lodged by Mr Hubbard identifies the Entity as an associated entity of the following registered political party:

- Liberal Party of Australia (Victorian Division).

Disclosure obligations

Registered political parties and associated entities are required under the provisions of the Act to lodge annual disclosure returns.

Section 314AEA of the Act requires the financial controller of an Associated Entity to report after the end of each financial year:

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

Section 314AC of the Act also provides that if the sum of all amounts received by, or on behalf of, the Entity from a person or organisation during a financial year is more than the threshold, the return must include the particulars of that sum.

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.

An extract of the text of these provisions is reproduced in Attachment A to this report.

Conduct of the investigation

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

The AEC's investigation assessed the extent to which the financial information reported in the Entity's disclosure return was complete and accurate in accordance with the requirements of s.314AEA(5) of the Act - i.e. the particulars of all amounts received that were more than \$12 400 as set out in s.314AC. As part of this process, the AEC issued one notice to Mr Hubbard under s.316(2A) as follows:

- the notice required the Entity to provide its financial records in relation to its financial operations for 2013–14.

A copy of the notice served on the financial controller requesting documentation and records is provided at Attachment B.

Stakeholder engagement

The AEC's general practice, prior to commencing an investigation, is for the AEC's Funding and Disclosure Branch (FAD) to contact the relevant officer of the associated entity (or political party when investigating a political party) to discuss the scope of the investigation. This contact may, in some instances, involve face to face meetings.

Prior to commencement of this compliance investigation staff of the AEC contacted Mr Hubbard by telephone to discuss the scope of the investigation process.

It is also the AEC's practice prior to finalising an investigation, to discuss with the relevant officer of the associated entity its opinion on compliance issues. Where there are any errors and/or omissions the AEC will discuss with the relevant officer how they might have occurred.

The objective of such discussions is to encourage the associated entity or political party to examine its internal processes and systems in order to improve the accuracy of future annual disclosure returns and thereby improve its compliance with Part XX of the Act.

Scope of the investigation

The AEC's investigation was limited to those financial records which were considered to be relevant to determine the completeness and accuracy of information reported in the disclosure return for the 2013–14 financial year lodged for the Entity.

The AEC does not have authority under Part XX of the Act to examine any other aspects of the financial operations of the Entity such as the existence or effectiveness of internal controls.

Conclusion

The 2013–14 disclosure return for the Entity accurately set out the information required to be disclosed by an associated entity under the provisions of ss.314AEA(5) and 314AC of the Act. Based on the records examined, it is the AEC's opinion that Mr Hubbard has complied with the disclosure requirements under Part XX of the Act.

4

Tim Courtney
A/g First Assistant Commissioner
Australian Electoral Commission

14th August 2015

Extracts from the *Commonwealth Electoral Act 1918*

314AA Interpretation

- (1) In this Division:
amount includes the value of a gift, loan or bequest.

314AEA Annual returns by associated entities

- (1) 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, setting out:
- the total amount received by, or on behalf of, the associated entity during the financial year, together with the details required by section 314AC; and
 - the total amount paid by, or on behalf of, the entity during the financial year; and
 - if the entity is an associated entity at the end of the financial year—the total outstanding amount, as at the end of the financial year, of all debts incurred by, or on behalf of, the entity, together with the details required by section 314AE.
- (2) Amounts received or paid at a time when the entity was not an associated entity are not to be counted for the purposes of paragraphs (1)(a) and (b).
- (3) If any amount required to be set out under paragraph (1)(b):
- was paid to or for the benefit of one or more registered political parties; and
 - was paid out of funds generated from capital of the associated entity;
- the return must also set out the following details about each person who contributed to that capital after the commencement of this section:
- the name and address of the person;
 - the total amount of the person's contributions to that capital, up to the end of the financial year.
- (5) Sections 314AC and 314AE apply for the purposes of paragraphs (1)(a), (b) and (c) of this section to a return for an associated entity in the same way as they apply for the purposes of paragraphs 314AB(2)(a), (b) and (c) to a return for a registered political party.

314AC Amounts received

- (1) 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 \$10,000, the return must include the particulars of that sum.
- Note:** The dollar amount mentioned in this subsection is indexed under section 321A.
- (2) In calculating the sum, an amount of \$10,000 or less need not be counted.
- Note:** The dollar amount mentioned in this subsection is indexed under section 321A.
- (3) The particulars of the sum required to be furnished under subsection (1) are the amount of the sum and:
- if the sum was received from an unincorporated association, other than a registered industrial organisation:
 - the name of the association; and
 - the names and addresses of the members of the executive committee (however described) of the association; or
 - if the sum was purportedly paid out of a trust fund or out of the funds of a foundation:
 - the names and addresses of the trustees of the fund or of the foundation; and
 - the title or other description of the trust fund, or the name of the foundation, as the case requires; or

- (ba) if the sum was received as a result of a loan—the information required to be kept under subsection 306A(3), or the name of the financial institution, as the case requires; or
- (c) in any other case—the name and address of the person or organisation.

314AE Outstanding amounts

- (1) If the sum of all outstanding debts incurred by, or on behalf of, the party to a person or an organisation during a financial year is more than \$10,000, the return must include the particulars of that sum.

Note: The dollar amount mentioned in this subsection is indexed under section 321A.

- (2) The particulars of a sum required to be furnished under subsection (1) are the amount of the sum and:
 - (a) if the sum was owed to an unincorporated association, other than a registered industrial organisation:
 - (i) the name of the association; and
 - (ii) the names and addresses of the members of the executive committee (however described) of the association; or
 - (b) if the sum was purportedly incurred as a debt to a trust fund or to a foundation:
 - (i) the names and addresses of the trustees of the fund or of the foundation; and
 - (ii) the title or other description of the trust fund, or the name of the foundation, as the case requires; or
 - (c) in any other case—the name and address of the person or organisation.

316 Investigation etc.

- (1) In this section:

authorised officer means a person authorised by the Electoral Commission under subsection (2).

prescribed person means a person whose name is included in a list in a report mentioned in subsection 17(2A).

- (2A) An authorised officer may, for the purpose of finding out whether a prescribed person, the financial controller of an associated entity or the agent of a registered political party has complied with this Part, by notice served personally or by post on:
 - (a) the agent or any officer of the political party; or
 - (aa) the financial controller of the associated entity or any officer of the associated entity; or
 - (b) the prescribed person or, if the prescribed person is a body corporate, any of its officers;
 as the case may be, require the agent, financial controller, person or officer:
 - (c) to produce, within the period and in the manner specified in the notice, the documents or other things referred to in the notice; or
 - (d) to appear, at a time and place specified in the notice, before the authorised officer to give evidence, either orally or in writing, and to produce the documents or other things referred to in the notice.

COMMONWEALTH ELECTORAL ACT 1918 – SECTION 316(2A)**NOTICE TO PRODUCE DOCUMENTS
DISCLOSURE RETURN 2013–14**

To: Mr Daryl Hubbard
Treasurer
Bendigo 250 Club
PO Box 1046
BENDIGO VIC 3552

I, Seema Srivastava, an authorised officer within the meaning of s.316 of the *Commonwealth Electoral Act 1918* (the Act), for the purpose of finding out whether you, as the financial controller of the Bendigo 250 Club (the Entity), have complied with Part XX of the Act, hereby require you, pursuant to s.316(2A) of the Act, to produce the information referred to below within the period and in the manner specified in this notice.

Information to be produced in relation to Financial Year ending 30 June 2014

1. Reports from the Entity's accounting system in electronic format listed in Attachment A. (Attachment A to this notice lists the reports, the file format required and instructions on how to download and provide the data).
2. Reports from the Entity's accounting system not listed in Attachment A but used in the compilation of the disclosure return.
3. Documents or other records not maintained as part of the accounting system but used in the compilation of the disclosure return, including, but not limited to:
 - a. excel spreadsheets;
 - b. extracts from any database system/s maintained in conjunction with the accounting system;
 - c. manual records, such as deposit slips, receipts, register of non-cash gifts received.
4. A list of all gifts-in-kind received during the period 1 July 2013 to 30 June 2014, including the calculations of the valuation ascribed to each gift.
5. The working documents clearly demonstrating how the final total receipts, total payments and total debts figures shown on the Entity's 2013–14 annual disclosure return were derived.
6. A completed and signed *Document Checklist* provided at Attachment B.

Timing and manner of production

You are required to produce the documents referred to in this notice to:

Attention: Lisa O'Shaughnessy
Compliance Section
Funding and Disclosure Branch
Australian Electoral Commission
P O Box 6172
KINGSTON ACT 2604

by no later than **5:00pm 22 July 2015**.

Refusal or failure to comply with this notice

It is an offence for you to refuse or fail to comply with this notice to the fullest extent capable—s.316(5) and (5A). It is also an offence to supply false or misleading evidence in purported compliance with this notice—s 316(6).

Dated: 23 June 2015

4

Seema Srivastava
Assistant Commissioner
Funding and Disclosure Branch

An authorised officer for the purposes of section 316 of the Act.

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Attachment A

TECHNICAL SPECIFICATION FOR COMPUTER DATA

Your office informed us that the Entity uses an Excel spreadsheet to maintain its accounting system to record all its financial transactions. The AEC uses IDEA audit software to assist in the review process and interrogation of data. The steps below provide you with guidance on how to prepare and provide the data.

Step 1: Required reports from the accounting system

- a. The spreadsheet itemising all opening balances, closing balances and all bank entries for all accounts in the trial balance. **Important:** Please ensure that a description is provided for all transactions in the accounting spreadsheet.

Step 2: Extract reports

- a. Copy the spreadsheet to CD-ROM, DVD or USB Drive (we do not recommend attaching the information to email since this media is less secure).

Step 3: Deliver the data

To ensure the secure delivery of the data, it is recommended that the data is either:

- delivered by 'safe hands' courier; or
- posted via *Registered Mail*.

AEC's postal address

Compliance Section
Funding and Disclosure Branch
Australian Electoral Commission
PO Box 6172
KINGSTON ACT 2604

Enquiries: for further assistance please contact Lisa O'Shaughnessy on 02 6271 4493 or by email at fad@aec.gov.au.

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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