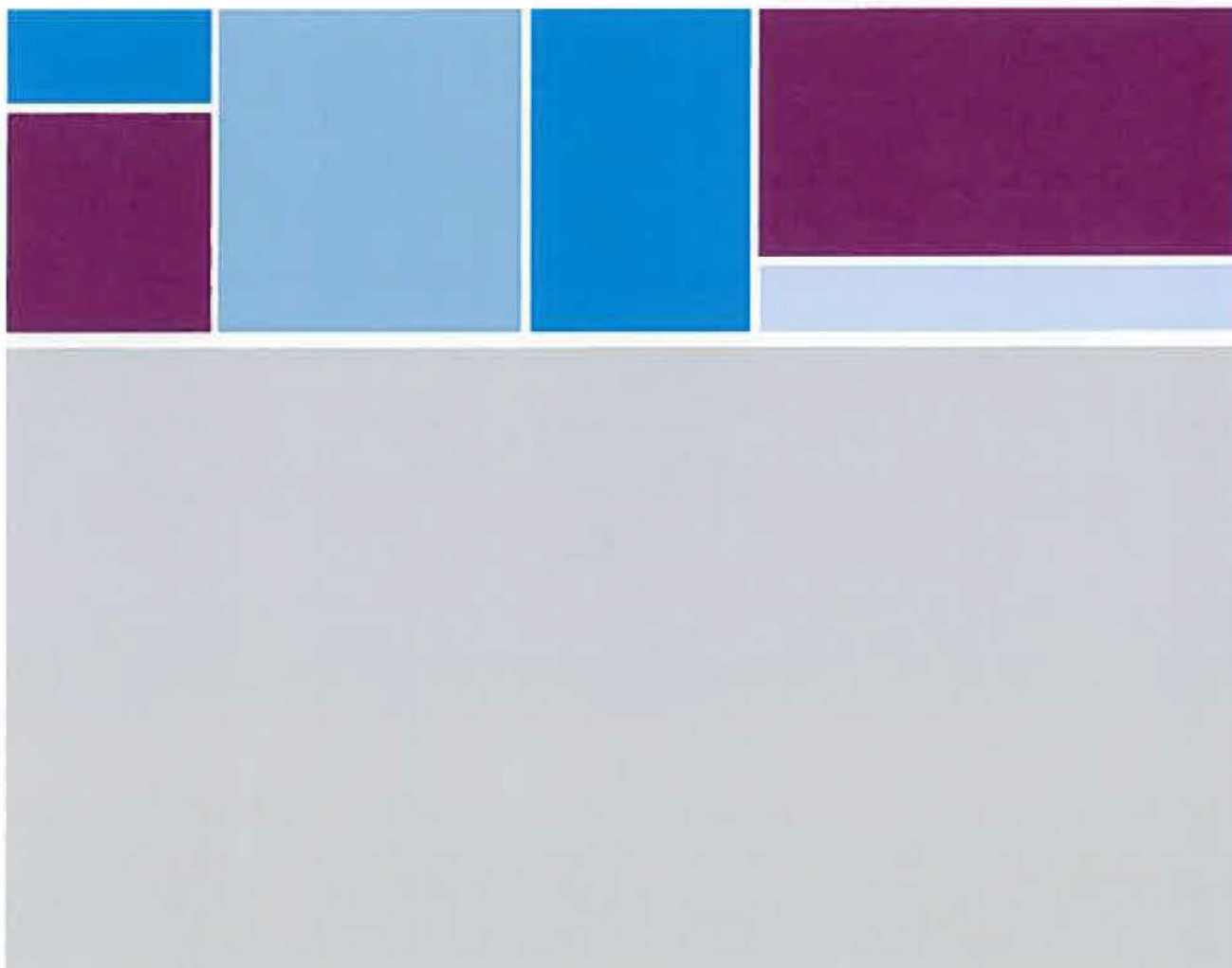


Compliance Review Report

Australian Greens

September 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

Party staff involved: Brett Constable

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 the Australian Greens (the Party) complies with disclosure obligations as set out in the Act.

Compliance and cooperation

The compliance review of the Party was conducted under the authority of s.316(2A) of the Act by a notice served on the Party Agent. In accordance with s.316(2A)(c) the Party Agent is required to produce the documents requested in the notice within the period and in the manner specified in the notice. Non-compliance with the requirements of the notice is an offence.

In response to the notice, the Party Agent provided the majority of the records two weeks prior to the deadline of 12 June 2013. However, copies of the bank statements for all bank accounts were not provided until 12 July 2013.

The response to item 8 of the notice appears to have been overlooked and not responded to. However, non-response to this item became apparent only during the review process and is discussed in more detail under *Matter requiring future action*.

Review findings

Total receipts and payments

Section 314AB(2)(a) of the Act requires the agent of a registered political party to report the total amount received by, or on behalf of, the party during the financial year. Similarly, s.314AB(2)(b) of the Act requires the agent of a registered political party to report the total amount paid by, or on behalf of, the party during the financial year.

This means that the party must include in its calculations all amounts received from any external sources regardless of the nature of those transactions. To satisfy this, all amounts received must be accounted for, including the value of non-monetary gifts received.

The review identified minor errors and inconsistencies between the figures included in the working papers provided by the Party and its accounting records. The inconsistencies relate to the following three components listed in the Party's working papers:

- internal transactions;
- cancelled transactions; and
- the 6 account transactions.

As indicated in the working papers, the total receipts and payments were derived using general ledger bank records as the primary basis for reporting of the total amounts. However, the 6 account was adjusted by eliminating the amount of \$8,055.94 that apparently was reported in the disclosure return covering the prior 2010-11 financial year but recorded in the general ledger for the 2011-12 financial year. To avoid double disclosure the amount was appropriately eliminated from the current disclosure return.

The working papers also indicate an error in deriving the total amount of payments from incorporating the value of a gift-in-kind received. Whilst the amount was appropriately included as part of the total receipts, its value appears to have been also classified as part of the total payments.

Attachments A and B to this report provide our workings in determining the total amounts received and paid based on the records provided for the review. The attachments illustrate calculations of the total amounts using two possible methodologies; one showing the total amounts derived from the bank statements and another showing the total amounts derived from the records contained in the general ledger. Both methodologies are contrasted against the figures contained in the Party's working papers.

The tables below illustrate the overall impact of both methodologies on the total figures against the amounts reported in the disclosure return.

Table 1 – Summary of total receipts

	Disclosure return	Bank statements	General ledger
Total receipts	1,620,415.03	1,626,545.08	1,636,065.71
Difference from the return		- 6,130.05 (0.37%)	- 15,650.68 (0.97%)

Table 2 – Summary of total payments

	Disclosure return	Bank statements	General ledger
Total payments	1,550,127.00	1,562,909.85	1,555,955.16
Difference from the return		- 12,782.85 (0.82%)	- 5,828.16 (0.37%)

As the overall impact of the discrepancies is less than 1% of the total amounts reported, the review does not consider it to be sufficiently significant to warrant an amendment to the return. However, to achieve greater level of accuracy in the future reporting, the issue of record keeping practices are discussed in greater detail under *Matters requiring future action*.

Total debts

Section 314AB(2)(c) of the Act provides that all debts incurred by, or on behalf of, the party as at the end of the financial year must be reported.

The review did not identify any discrepancies between the total amounts outstanding reported in the disclosure return and the documentation provided. The records maintained by the Party Agent provided sufficient, appropriate evidence to support the total amounts reported in the disclosure return.

Receipts above the disclosure threshold

Section 314AC 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 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.

In calculating the sum, an amount of \$11,900 or less need not be counted (s.314AC(2)).

The review did not identify any discrepancies between the receipts reported in the disclosure return and the documents maintained by the Party.

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 party 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.

The Party reported five amounts above the disclosure threshold totalling \$100,591 owing to its various State branches. Although the total outstanding amount is reflected in the general ledger liability accounts (GL 2300 and GL 2310), these accounts alone do not provide sufficient details to confirm the individual amounts reported as outstanding.

However, in the course of the review the Party provided an additional document containing supplementary information such as opening and closing balances for each individual branch supporting the amounts reported in the disclosure return.

Matters requiring future action

Record-keeping practices: bank reconciliations

Part of the review process involves an examination of the records to ascertain the consistency of the Party's internal records with those produced by external sources such as bank statements.

During this process bank reconciliation reports are examined to explain the difference between the bank balance shown in the Party's bank statement and its corresponding amount shown in the Party's accounting records. The reconciliation report is also used to explain any differences between the total receipts and payments that vary between the two records due to unpresented cheques and uncleared deposits.

As mentioned earlier in the report, the total amount with regard to the 6 account reported in the working papers did not reflect the amount recorded in the general ledger. This was partly due to one deduction of \$8,055.94 made to the payment side of the 2011-12 general ledger as the amount had been disclosed in the previous 2010-11 financial year.

Such practice indicates that the general ledger records are not updated on a timely basis. It appears that while the Party appropriately incorporated in its calculations the amount of \$8,055.94 in the period in which those transactions occurred, it did not enter those transactions into its general ledger until the following 2011-12 financial year. This resulted

in the necessity to eliminate those transactions from the 2011-12 general ledger records to avoid double disclosure.

As those transactions were both recorded in the general ledger and cleared by the bank during the 2011-12 financial year, they would not be reflected in the bank reconciliation reports. Where the adjustments made to the total figures cannot be explained by the bank reconciliation reports, the Party should provide additional documentation to support any divergence from the general ledger figures.

To strengthen the accuracy of the reporting even further, it is recommended that the Party maintains an accurate and up to date record of its transactions in the general ledger paying particular attention to the end-of-financial-year book-keeping procedures.

Compliance with the notice: supporting documentation

During the review process, clarification was sought from the Party Agent with regard to receipts and debts above the disclosure threshold as these were not apparent through an examination of records contained in the general ledger alone.

With regard to the receipts above the disclosure threshold, the Party Agent advised that the breakdown of many receipts identified in the general ledger had been contained in the database downloaded from the Party's credit card processor. According to the Party Agent the transactions contained in that database are then grouped according to bank deposits and entered into the general ledger with any differences resolved during that process.

As noted by the Party Agent, this database is treated as a subsidiary ledger which is reconciled on on-going basis to the bank records contained in the general ledger.

A similar principle appears to have been adopted by the Party to document its debts above the disclosure threshold. In this case, the Party Agent advised that he maintains an excel spread sheet to show the breakdown of the individual amounts owed to the State branches of the Party.

As noted by the Party Agent, the spread sheet records the amounts owed to the branches for the donations, memberships and events fees collected on their behalf. However, as the general ledger records maintained in the current form do not include the requisite details contained in the spread sheet, such as opening and closing balances with regard to the individual branches, those records alone are not sufficient to determine amounts owed to the individual State branches.

Due to the approach adopted by the Party to its record keeping with respect to the receipts and debts above the threshold, both the database and the spread sheet records form an integral part of the Party's accounting records. As such the spread sheet should be provided as part of the response to the s.316(2A) notice that, at item 8, requests:

Any other document or record forming part of the Party's accounting records not covered in Attachment A but which was used in the compilation of the disclosure return. Wherever possible these documents and records are to be provided in electronic format.

Gifts-in-kind: total payments

Section 287 of the Act defines *gift* as any disposition of property made by a person to another person, without adequate consideration in money or money's worth. In other words, goods or services provided free of charge or at less than commercial rates constitute a gift (donation) that must be disclosed as a receipt.

By nature of such transactions, it would not be expected for any costs to be incurred by the Party with respect to the gifts received in-kind. As such, the Party should not incorporate the value of those gifts into its total payments. It should however, continue incorporating the value of the gifts received into its total receipts.

This issue had already been raised by the AEC in its report of April 2009 following the review of the 2006-07 disclosure return in which gifts-in-kind valued at \$35,080 were reported both as receipts and payments.

Although not formally mentioned in the report of March 2012 following the review of the 2009-10 disclosure return, the issue of gifts-in-kind classified as part of the total payments are also evidenced in the Party's working papers for that financial year.

To prevent any further discrepancies in calculation of the total payments in the future disclosure returns, this issue could be rectified by including an annotation in the Party's working papers reminding to exclude gifts-in-kind from the computations of the total payments.

Conclusion

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

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.

ATTACHMENT A

Table 1 – Total receipts - summary comparison

	Bank statements	General ledger	Disclosed
6 [REDACTED] account	2,377,402.33	2,387,859.28	2,389,370.33
6 [REDACTED] account	984,299.73	984,302.53	984,302.53
6 [REDACTED] Saver bank account	8,588.42	7,649.30	7,649.30
6 [REDACTED]	1,179.01	1,179.01	1,179.01
6 [REDACTED]	35,784.46	35,784.46	35,784.46
Gift-in-kind *	9,823.00	9,823.00	9,823.00
<i>Less:</i>			
Internal transfers *	(1,790,448.00)	(1,790,448.00)	(1,795,648.00)
Cancelled transactions	(83.87)	(83.87)	(12,045.60)
Total	1,626,545.08	1,636,065.71	1,620,415.03
Difference from the return	(6,130.05)	(15,650.68)	

* refer to Attachment C for details

ATTACHMENT B

Table 2 – Total payments – summary comparison

	Bank statements	General ledger	Disclosed
6 [REDACTED]	2,442,041.29	2,435,080.80	2,436,591.85
6 [REDACTED] account	721,997.20	722,000.00	722,000.00
6 [REDACTED] [REDACTED] account	155,000.00	155,000.00	155,000.00
6 [REDACTED]	0.00	0.00	0.00
6 [REDACTED]	34,403.23	34,406.23	34,406.23
Gift-in-kind *	N/A	N/A	9,823.00
Less:			
Internal transfers*	(1,790,448.00)	(1,790,448.00)	(1,795,648.00)
Cancelled transactions	(83.87)	(83.87)	(12,045.60)
Total	1,562,909.85	1,555,955.16	1,550,127.48
Difference from the return	(12,783.37)	(5,828.16)	

* * refer to Attachment C for details

ATTACHMENT C

Table 3 Internal transfers – details

Date	Acc_Num	Acc_Name	Amount	Transaction type
07/07/2011	6 6		-40,000.00	Transfer
07/07/2011	6 6		40,000.00	Transfer
08/07/2011	6 6		-1,500.00	Transfer
08/07/2011	6 6		1,500.00	Transfer
29/07/2011	6 6		-70,000.00	Transfer
29/07/2011	6 6		70,000.00	Transfer
08/08/2011	6 6		-1,500.00	Transfer
08/08/2011	6 6		1,500.00	Transfer
10/08/2011	6 6		20,000.00	Transfer
10/08/2011	6 6		-20,000.00	Transfer
12/08/2011	6 6		40,000.00	Transfer
12/08/2011	6 6		-40,000.00	Transfer
15/08/2011	6 6		10,000.00	Transfer
15/08/2011	6 6		-10,000.00	Transfer
15/08/2011	6 6		70,000.00	Transfer
15/08/2011	6 6		-70,000.00	Transfer
25/08/2011	6 6		-1,500.00	Transfer
25/08/2011	6 6		1,500.00	Transfer
26/08/2011	6 6		15,000.00	Transfer
26/08/2011	6 6		-15,000.00	Transfer
26/08/2011	6 6		50,000.00	Transfer
26/08/2011	6 6		-50,000.00	Transfer
29/08/2011	6 6		-2,033.00	Transfer
29/08/2011	6 6		2,033.00	Transfer
08/09/2011	6 6		-1,500.00	Transfer
08/09/2011	6 6		1,500.00	Transfer
09/09/2011	6 6		-80,000.00	Transfer
09/09/2011	6 6		80,000.00	Transfer
08/10/2011	6 6		-1,500.00	Transfer
08/10/2011	6 6		1,500.00	Transfer
12/10/2011	6 6		15,000.00	Transfer
12/10/2011	6 6		-15,000.00	Transfer
20/10/2011	6 6		25,000.00	Transfer
20/10/2011	6 6		-25,000.00	Transfer

20/10/2011	6	6		65,000.00	Transfer
20/10/2011	6	6		-65,000.00	Transfer
08/11/2011	6	6		-1,500.00	Transfer
08/11/2011	6	6		1,500.00	Transfer
18/11/2011	6	6		30,000.00	Transfer
18/11/2011	6	6		-30,000.00	Transfer
23/11/2011	6	6		25,000.00	Transfer
23/11/2011	6	6		-25,000.00	Transfer
08/12/2011	6	6		-1,500.00	Transfer
08/12/2011	6	6		1,500.00	Transfer
08/12/2011	6	6		25,000.00	Transfer
08/12/2011	6	6		-25,000.00	Transfer
20/12/2011	6	6		-400.00	Transfer
20/12/2011	6	6		400.00	Transfer
22/12/2011	6	6		-100.00	Transfer
22/12/2011	6	6		100.00	Transfer
03/01/2012	6	6		-150,000.00	Transfer
03/01/2012	6	6		150,000.00	Transfer
08/01/2012	6	6		-1,500.00	Transfer
08/01/2012	6	6		1,500.00	Transfer
12/01/2012	6	6		15,000.00	Transfer
12/01/2012	6	6		-15,000.00	Transfer
23/01/2012	6	6		-360,000.00	Transfer
23/01/2012	6	6		360,000.00	Transfer
25/01/2012	6	6		-1,600.00	Transfer
25/01/2012	6	6		1,600.00	Transfer
27/01/2012	6	6		10,000.00	Transfer
27/01/2012	6	6		-10,000.00	Transfer
02/02/2012	6	6		-1,500.00	Transfer
02/02/2012	6	6		1,500.00	Transfer
02/02/2012	6	6		-80,000.00	Transfer
02/02/2012	6	6		80,000.00	Transfer
10/02/2012	6	6		20,000.00	Transfer
10/02/2012	6	6		-20,000.00	Transfer
20/02/2012	6	6		-5,000.00	Transfer
20/02/2012	6	6		5,000.00	Transfer
20/02/2012	6	6		20,000.00	Transfer
20/02/2012	6	6		-20,000.00	Transfer
21/02/2012	6	6		25,000.00	Transfer
21/02/2012	6	6		-25,000.00	Transfer
22/02/2012	6	6		15,000.00	Transfer

22/02/2012	6	6		-15,000.00	Transfer
22/02/2012	6	6		20,000.00	Transfer
22/02/2012	6	6		-20,000.00	Transfer
23/02/2012	6	6		4,500.00	Transfer
23/02/2012	6	6		-4,500.00	Transfer
27/02/2012	6	6		-1,100.00	Transfer
27/02/2012	6	6		1,100.00	Transfer
27/02/2012	6	6		15,000.00	Transfer
27/02/2012	6	6		-15,000.00	Transfer
02/03/2012	6	6		-1,000.00	Transfer
02/03/2012	6	6		1,000.00	Transfer
06/03/2012	6	6		15,000.00	Transfer
06/03/2012	6	6		-15,000.00	Transfer
09/03/2012	6	6		25,000.00	Transfer
09/03/2012	6	6		-25,000.00	Transfer
10/03/2012	6	6		-1,500.00	Transfer
10/03/2012	6	6		1,500.00	Transfer
16/03/2012	6	6		15,000.00	Transfer
16/03/2012	6	6		-15,000.00	Transfer
20/03/2012	6	6		20,000.00	Transfer
20/03/2012	6	6		-20,000.00	Transfer
23/03/2012	6	6		10,000.00	Transfer
23/03/2012	6	6		-10,000.00	Transfer
02/04/2012	6	6		10,000.00	Transfer
02/04/2012	6	6		-10,000.00	Transfer
04/04/2012	6	6		10,000.00	Transfer
04/04/2012	6	6		-10,000.00	Transfer
08/04/2012	6	6		-1,500.00	Transfer
08/04/2012	6	6		1,500.00	Transfer
19/04/2012	6	6		-2,000.00	Transfer
19/04/2012	6	6		2,000.00	Transfer
23/04/2012	6	6		-40,000.00	Transfer
23/04/2012	6	6		40,000.00	Transfer
02/05/2012	6	6		-20,000.00	Transfer
02/05/2012	6	6		20,000.00	Transfer
03/05/2012	6	6		-210.00	Transfer
03/05/2012	6	6		210.00	Transfer
04/05/2012	6	6		-155.00	Transfer
04/05/2012	6	6		155.00	Transfer
04/05/2012	6	6		10,000.00	Transfer
04/05/2012	6	6		-10,000.00	Transfer

07/05/2012	6	6	-1,500.00	Transfer
07/05/2012	6	6	1,500.00	Transfer
16/05/2012	6	6	-850.00	Transfer
16/05/2012	6	6	850.00	Transfer
17/05/2012	6	6	25,000.00	Transfer
17/05/2012	6	6	-25,000.00	Transfer
25/05/2012	6	6	12,000.00	Transfer
25/05/2012	6	6	-12,000.00	Transfer
28/05/2012	6	6	20,000.00	Transfer
28/05/2012	6	6	-20,000.00	Transfer
29/05/2012	6	6	20,000.00	Transfer
29/05/2012	6	6	-20,000.00	Transfer
30/05/2012	6	6	20,000.00	Transfer
30/05/2012	6	6	-20,000.00	Transfer
31/05/2012	6	6	20,000.00	Transfer
31/05/2012	6	6	-20,000.00	Transfer
01/06/2012	6	6	5,000.00	Transfer
01/06/2012	6	6	-5,000.00	Transfer
01/06/2012	6	6	20,000.00	Transfer
01/06/2012	6	6	-20,000.00	Transfer
02/06/2012	6	6	20,000.00	Transfer
02/06/2012	6	6	-20,000.00	Transfer
03/06/2012	6	6	20,000.00	Transfer
03/06/2012	6	6	-20,000.00	Transfer
04/06/2012	6	6	20,000.00	Transfer
04/06/2012	6	6	-20,000.00	Transfer
08/06/2012	6	6	-1,500.00	Transfer
08/06/2012	6	6	1,500.00	Transfer
15/06/2012	6	6	10,000.00	Transfer
15/06/2012	6	6	-10,000.00	Transfer
16/06/2012	6	6	15,000.00	Transfer
16/06/2012	6	6	-15,000.00	Transfer
20/06/2012	6	6	-15,000.00	Transfer
20/06/2012	6	6	15,000.00	Transfer
27/06/2012	6	6	-25,000.00	Transfer
27/06/2012	6	6	25,000.00	Transfer
Total			0.00	
Total deposits			1,790,448.00	
Total withdrawals			1,790,448.00	

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.