

# Compliance Investigation Report

Natural Medicine Party

2013–14 Annual Disclosure Return

May 2015



**AEC**

Australian Electoral Commission

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## Purpose of the report

This report provides the party agent of the Natural Medicine Party (the Party), Mr James Patterson, with the Australian Electoral Commission's (the AEC) opinion as to whether he has complied with the obligation under s.314AB of the *Commonwealth Electoral Act 1918* (the Act) in lodging an annual disclosure return on behalf of the Party for the financial year 2013–14.

## Compliance obligation

Section 314AB, under Part XX of the Act, sets out the information to be provided on behalf of a party in order to comply with the disclosure requirements of the Act. Section 314AB provides:

- (1) Subject to this Division, the agent of each registered political party and of each State branch of each registered political party must, within 16 weeks after the end of each financial year beginning on or after 1 July 1992, furnish to the Electoral Commissioner a return:
  - (a) that is in an approved form; or
  - (b) that is constituted by the audited annual accounts of the registered political party or the State branch, in a form that is approved by the Electoral Commissioner.
- (2) A return under paragraph (1)(a) or (1)(b) must set out the following:
  - (a) the total amount received by, or on behalf of, the party during the financial year, together with the details required by section 314AC;
  - (b) the total amount paid by, or on behalf of, the party during the financial year;
  - (c) the total outstanding amount, as at the end of the financial year, of all debts incurred by, or on behalf of, the party, together with the details required by section 314AE.

Section 314AC, in its application to a political party, requires that if the sum of all amounts received by, or on behalf of, the political party from a person or organisation during a financial year is more than the disclosure threshold, the return must include the particulars of that sum.

Section 314AE 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 disclosure threshold, the return must include particulars of that sum.

The disclosure threshold mentioned in s.314AC and s.314AE is indexed annually. For the 2013–14 financial year the amounts above \$12 400 were required to be disclosed.

## Power to investigate

The AEC's power to investigate whether there has been compliance with any of the disclosure obligation provisions under Part XX of the Act is authorised by section 316(2A), which sets out the powers of the AEC as follows:

(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 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 an authorised officer to give evidence, either orally or in writing, and to produce the documents or other things referred to in the notice.

## The investigation

On 2 March 2015, the AEC issued a notice under s.316(2A) (the notice) to Mr Patterson, in his capacity as the party agent of the Party. The notice required Mr Patterson to produce copies of the financial records of the Party in relation to its operations for the financial year 2013-14. The financial records requested from the Party were:

1. Reports from the Entity's accounting system:
  - a. Chart of Accounts
  - b. Trial Balance Summary
  - c. Aged Trial Balance
  - d. General Ledger Detail
  - e. General Ledger Summary
  - f. Bank Deposit Slips
  - g. Sales Journal
  - h. General Journal
  - i. Audit Trail
2. 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; and
  - c. manual records, such as deposit slips and, receipts.
3. Statements of all bank / financial institutions accounts including:
  - a. any investment accounts;
  - b. loan accounts; and
  - c. broker accounts, if applicable.

4. Bank reconciliation statements for:
  - a. each account as at 30 June 2013; and
  - b. each account as at 30 June 2014
5. Audited financial statements for the 2013–14 financial year.
6. Terms and conditions of all loans outstanding as at 30 June 2014.
7. 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.
8. The working documents clearly demonstrating how the final total receipts, total payments and total debts figures shown on the Party's 2013–14 annual disclosure return were derived.
9. A completed and signed Document Checklist to be returned with these documents.

Mr Patterson provided all of the available records by the date identified in the notice of 2 April 2015 and therefore with the terms of the notice.

## Scope of the investigation

The AEC's investigation was limited to those financial records which were considered to be relevant and sufficient to determine the completeness and accuracy of the information disclosed in the Party's annual disclosure return for the 2013–14 financial year. Under the Act the AEC does not have authority under Part XX to, and therefore did not, examine any other aspects of Party's financial operations such as the existence or effectiveness of internal controls.

However, it is the AEC's practice prior to finalisation of a compliance investigation to discuss with the relevant officer of the political party, the reasons why such errors and omissions may have occurred. The objective of such discussions is to encourage the political party to examine its internal processes and systems in order to improve the accuracy of future annual disclosure returns and compliance with Part XX of the Act.

## The AEC's opinion: investigation outcomes

Mr Patterson has complied with the requirements of Part XX of the Act as detailed below.

### 1. Lodgement requirements

Subsection 314AB(1) of the Act provides that the party agent of each political party and of each State branch of each registered political party 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 2013–14 financial year was 20 October 2014.

The 2013-14 annual disclosure return for the Party was lodged on 13 October 2014 which was prior the due date.

### 2. Disclosure requirements

Paragraph 314AB(2)(a) of the Act requires the party agent of a party to report the total amount received by, or on behalf of, the party during the financial year. The amount received must include the value of a gift, loan or bequest in accordance with s.314AA of the Act.

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

Paragraph 314AB(2)(c) of the Act requires the party agent of a party to report the total outstanding amount as at the end of the financial year of all debts incurred by, or on behalf of, the party.

The compliance investigation did not identify any discrepancies between the total amount of receipts and payments reported in the annual disclosure return and the documentation provided by the Party. The records provided for the Party did not show it to be carrying any outstanding debts as at 30 June 2014. The records examined were reconciled to the total amounts for receipts, payments and debts reported in the disclosure return.

Section 314AC of the Act, requires disclosure of the particulars of the sum of individual amounts received by, or on behalf of, a party from a person or organisation during the 2013–14 financial year of more than \$12 400.

In calculating the sum, an amount of \$12 400 or less need not be counted (s.314AC(2)).

To comply with this obligation, the details of any amount above the threshold received from any external sources must be disclosed in the return regardless of the nature of the receipt. In the case of an unincorporated association or trust fund/foundation, the names and addresses of the executive committee or of the trustees of the trust fund or foundation must also be provided.

No receipts or debts above the disclosure threshold were listed in the annual disclosure return and none were evident in the supporting financial records examined.

## Conclusion

Based on the records examined the AEC is of the opinion that, Mr Patterson has complied with the disclosure requirements under s.314AB. He has provided an annual disclosure return for the Party for the financial year 2013–14, which accurately sets out the information required to be disclosed by a party under s.314AB of the Act.

## Enquiries

Should Mr Patterson have any enquiries regarding this report he should contact the AEC's Funding and Disclosure Branch either on telephone number (02) 6271 4552 or by email at [fad@aec.gov.au](mailto:fad@aec.gov.au).

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Seema Srivastava  
Assistant Commissioner  
Funding and Disclosure Branch

19 May 2015

## **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.