

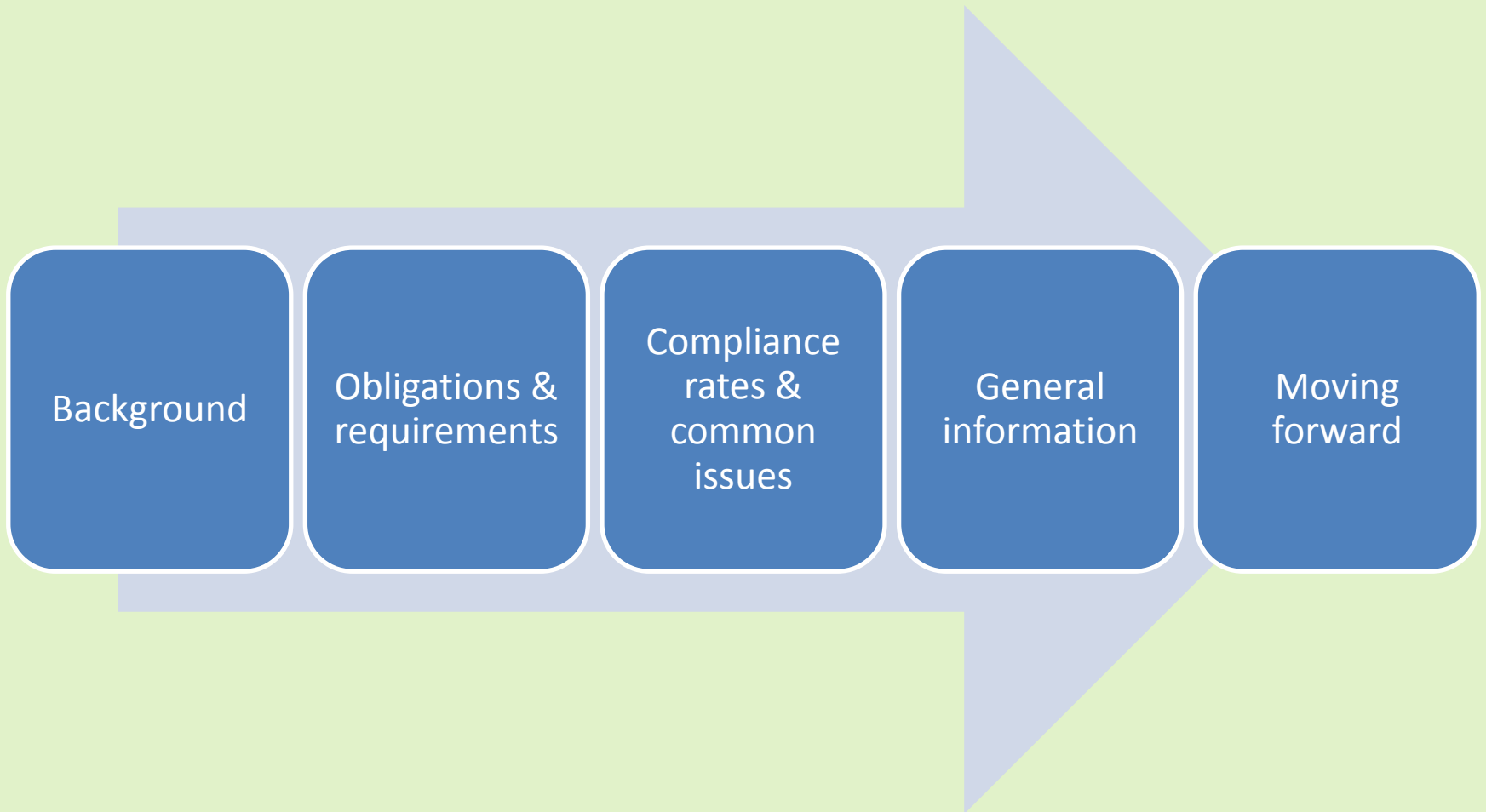


Financial Reporting

Obligations and requirements

Melbourne 4 May 2018

Overview of topics





Australian Government

Registered Organisations Commission

Background

Financial reporting team



**Joanne
Fenwick**

**Ken
Morgan**

**Stephen
Kellett**

**David
Vale**

What we do

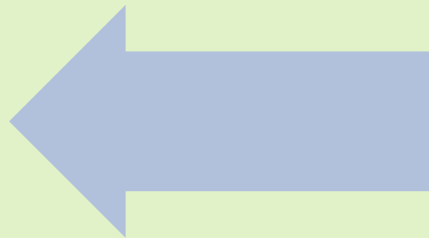
Review and assess

- Loans, grants and donations statements
- Financial reports
- Auditor applications



Advise ROC compliance team

- Inquiries
- Investigations
- Protective disclosure



Assessment of financial reports

Assessed either via an advance review or a primary review

Over the last five years all reporting units have been assessed via an advanced review

Focus on high and medium risk reporting units

Assessment of financial reports

Advanced review

- Assessed against all requirements under the:
 - Australian accounting standards
 - RO Act
 - Reporting guidelines
- May be required to amend financial report

Primary review

- Assessed against the following:
 - Financial reporting timelines
 - All required documents lodged
 - Various disclosure requirements under the Australian accounting standards, RO Act and Reporting Guidelines
- Previous issues raised must be remedied before the financial report will be 'filed' by the ROC



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Obligations and requirements

Financial reporting requirements

Keep proper financial records (s.252)

Lodge with the ROC a loans, grants and donations statement (s.237)

Prepare general purpose financial report (s.253)

Prepare operating report (s.254)

Ensure there is an auditor (s.256)

Provide a copy of the full report to members (s.265)

Present the full report to a meeting (s.266)

Registered auditors

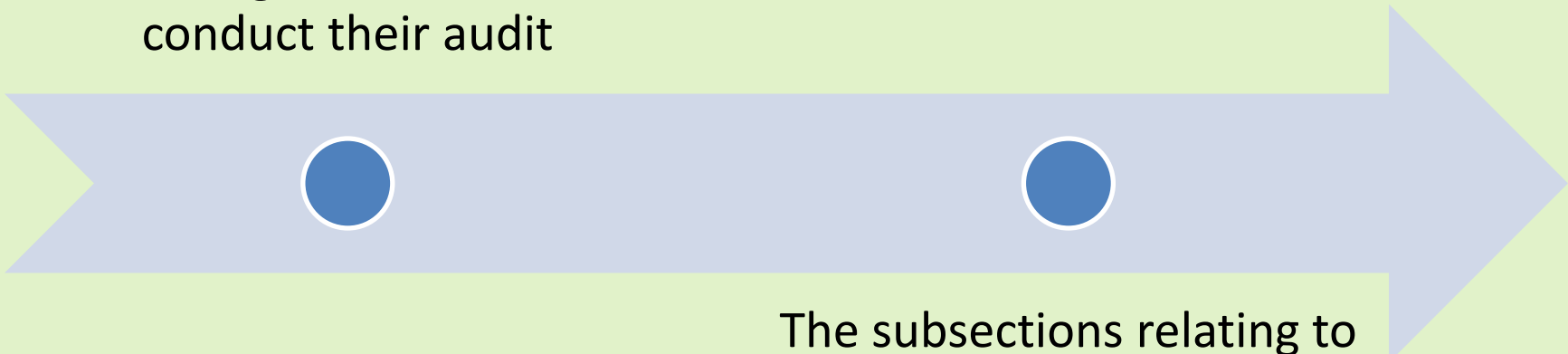
Auditor of a reporting unit can be:

- An individual who is a registered auditor; or
- A firm, at least one of whose members is a registered auditor; or
- A company, at least one of whose directors, officers or employees is a registered auditor

There must be an auditor of a reporting unit at any time when an auditor is required for the purposes of the RO Act (s.256(1))

Registered auditors

For the 30 June 2017 financial reporting period, four reporting units had a non-registered auditor conduct their audit



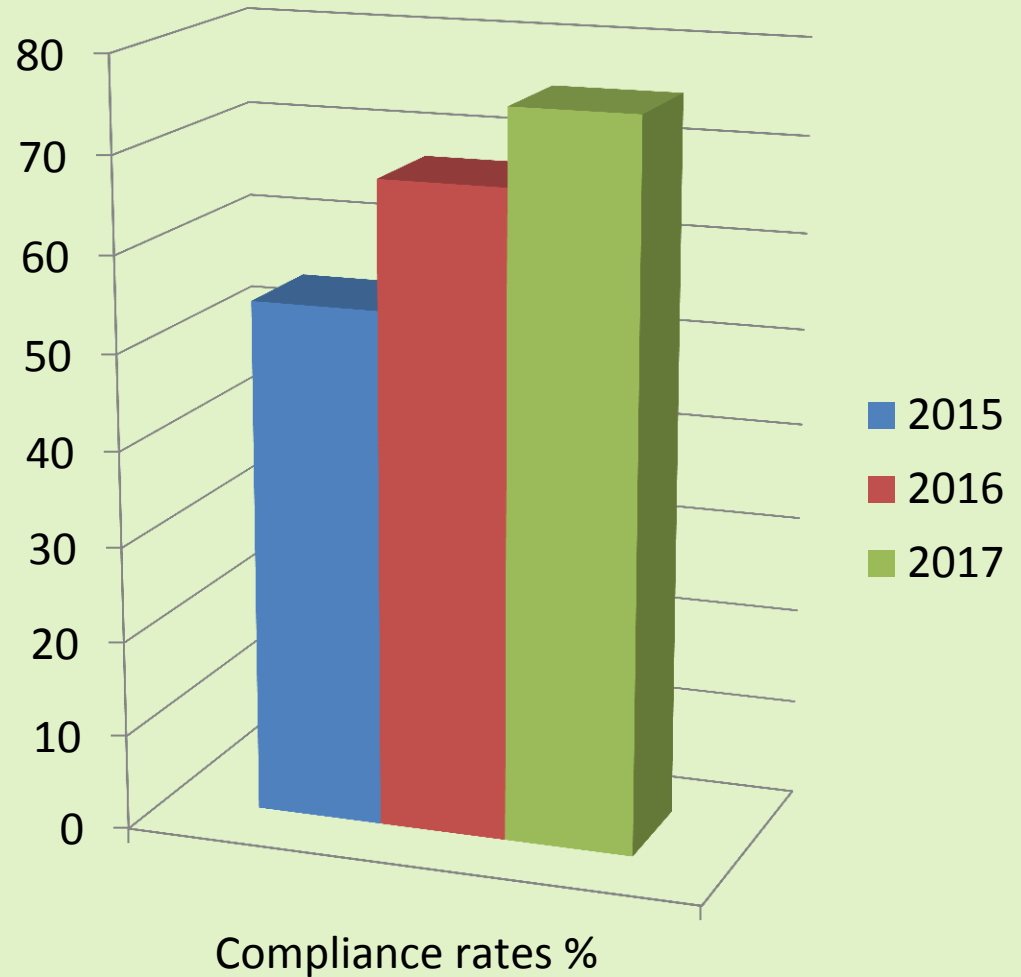
The subsections relating to Auditors of a reporting unit are civil penalty provisions



Compliance rates and common issues

Compliance rates

are based on the items included in the primary checklist



Common non-compliance issues



Financial reporting timeframes under the RO Act



Financial reporting timeframes

General Meeting of members

Provide full report to members at **least 21 days** before General Meeting

Present full report to a General Meeting of members within 6 months of the end of the financial year
(2nd meeting)

Lodge full report and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

Committee of management meeting

Provide full report to members **within 5 months** of end of financial year

Present full report to committee of management meeting within 6 months of the end of the financial year
(2nd meeting)

Lodge full report and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

Financial reporting timeframes – key points

Two meetings
need to be held in
relation to the
financial report:

Committee of
management meeting –
resolution passed in
relation to the GPFR, **and**

General meeting of
members **or** a committee
of management meeting
– presentation of the full
report

Auditor's report
must be signed
and dated **after**
the date of the 1st
meeting as the
committee of
management
statement is to be
included in the
audit

Lodgement is
within 14 days
after the 2nd
meeting. You do
not need to wait
14 days

Financial reporting timeframes – key points

[Insert name of reporting unit]

s.268 *Fair Work (Registered Organisations) Act 2009*

SAMPLE CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended [xxxx] 2017

I *[name]* being the *[title of office]* of the *[name of the reporting unit]* certify:

- that the documents lodged herewith are copies of the full report for the *[name of the reporting unit]* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on *[insert date]*; and
- that the full report was presented to *[a general meeting of members OR a meeting of the committee of management]* of the reporting unit on *[insert date]* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:.....

Name of prescribed designated officer:.....

Title of prescribed designated officer:
.....

Dated:

This is the date of the 2nd meeting

Must be signed and dated after the date of the 2nd meeting

Required documents to be provided to members

The full report consists of the:

- Operating report
- Committee of management statement
- General purpose financial report
- Auditor's report

Required documents to be lodged with the ROC

- The full report
- Designated officer's certificate

The operating report, committee of management statement, GPFR and auditor's report **must** be copies of the reports provided to members

Signing/dating of documents

All documents provided to members and lodged with the ROC must be signed and dated

Designated officer – is an officer of the reporting unit who under the rules is responsible for undertaking the functions necessary to enable compliance

Nil disclosure and loans, grants and donations statements

- The Reporting Guidelines require that certain pieces of information must be present in the statements or the notes even if they are NIL
- Grants and donations amounts (exceeding \$1,000) in the GPFR should match the loans, grants and donations statement

Reporting Guidelines

The fifth edition reporting guidelines for the purposes of s.253 of the RO Act have been published in the *Gazette*

The operative date applies to each financial year of a reporting unit that begins on or after 1 July 2017

Reporting Guidelines - changes



Responsibility of the reporting guidelines transferred to the Commissioner

New report required under subsection 255(2A) of the RO Act

Removal of the requirement to prepare and audit a separate report relating to recovery of wages activities

Nil disclosures can be made in an 'officer's declaration statement'

Reporting Guidelines - information

Fact sheet has been prepared relating to the new report required under subsection 255(2A) of the RO Act



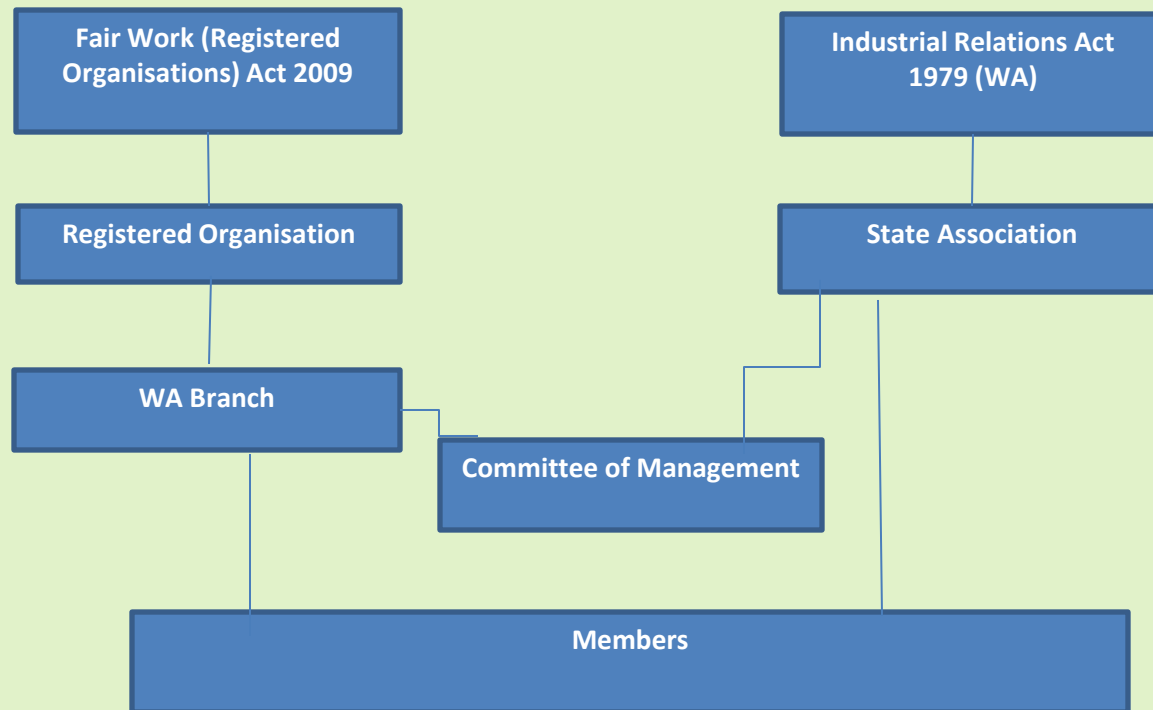
New reporting guidelines and fact sheet will be available on the ROC website



Notification via the subscription service

Financial reports of federally-registered entities and state associations

The financial report that is prepared, provided to members and lodged with the ROC should be only that of the federally-registered entity



Financial reports of federally-registered entities and state associations

Issues to consider:

- Keeping financial records
- Preparing a GPFR and operating report
- Declarations within the committee of management statement
- Rules of the organisation
- Ownership of assets and obligations for liabilities
- Engagement of staff

Inconsistent reporting of financial transactions within RO

Common inconsistencies include:

- Capitation paid/received
- Accounts receivable/payable
- Cash flows incoming/outgoing
- Other items paid/received
 - Rent
 - Meeting expenses
 - Affiliation fees

Using the model financial statements

- Only include the accounting policies and notes that are relevant to the reporting unit
- ‘Nil’ disclosures that are compulsory are identified with an asterisk



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Financial reporting information

ROC website

The ROC website has a number of fact sheets and sample documents relating to the financial reporting process. These include:

- Fact sheets:
 - Records to be kept by registered organisations
 - Financial reporting process
 - Summary of financial reporting timelines
 - Loans, grants and donations
- Sample documents:
 - Model financial statements
 - Loans, grants and donations statement
 - Timeline planner
- Checklists:
 - Advanced assessment
 - Primary assessment
- Reporting guidelines



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Moving forward

Where to from here?

Feedback/suggestions/options

- Courtesy and reminder letters
- Fact sheets and sample document
- Next 5 year plan for the assessment of financial reports
- Other options