



30 September 2019

Neville Kitchin  
Branch Secretary  
CPSU, the Community and Public Sector Union-SPSF Group, South Australian Branch

Sent via email: [enquiries@cpsu.asn.au](mailto:enquiries@cpsu.asn.au)  
CC: [skedwards@kpmg.com.au](mailto:skedwards@kpmg.com.au)

Dear Neville Kitchin,

**CPSU, the Community and Public Sector Union-SPSF Group, South Australian Branch  
Financial Report for the year ended 30 June 2019 – (FR2019/87)**

I acknowledge receipt of the financial report of the CPSU, the Community and Public Sector Union-SPSF Group, South Australian Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 30 August 2019.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines (**RGs**) have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

**General purpose financial report (GPFR)**

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the body of the notes includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements:

- "Paying a grant that was \$1,000 or less", "paying a grant that exceeded \$1,000", "paying a donation that was \$1,000 or less" and "paying a donation that exceeded \$1,000" are disclosed in the statement of profit and loss and other comprehensive income, note 9 and paragraph 14 of note 1.

Please note that nil activities only need to be disclosed once.

#### Inconsistency in disclosure of other financial information

On review of the lodged documents, inconsistencies have been noted in the disclosure of the following items:

- The statement of profit and loss and other comprehensive income and Note 8 *Affiliation Fees* includes the payment of an affiliation fee to the ACTU of \$68,416 for the 2019 financial year (2018: \$67,850). The statement provided under note 1(k) paragraph 14(c) is therefore not required. An affiliation payment has been made and disclosure within the abovementioned statement and Note, therefore a payment in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters cannot be 'nil'.
- The statement of changes in equity discloses a balance of retained earnings of \$126,991 for the 2019 financial year (2018: \$125,078). Note 1(k) under paragraph 17 includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.
- The cash flow statement discloses cash payments to associated body CPSU/SPSF Federal Office and ACTU of \$224,371 for the 2019 financial year (2018: \$235,818). Note 1(k) under paragraph 18, however includes a nil disclosure in relation to cash outflows from another reporting unit and/or controlled entity of the organisation. The CPSU/SPSF Federal Office is 'another reporting unit' of the organisation. Please note that the ACTU would not be considered to be another reporting unit and/or controlled entity of the organisation.

In future years, please ensure that items within the financial report are disclosed consistently.

#### **Operating report**

##### Membership of Committee of Management

The operating report states that persons who have been a member of the Committee of Management of the reporting unit at any time during the reporting period, and the period of which they held the position is contained in an attachment.

Regulation 159(c) of the RO Regulations requires the operating report to disclose the abovementioned information, therefore this information is required to be included as part of the signed operating report and not as an attachment.

#### **Auditor's report**

##### Audit scope to include subsection 255(2A) report and officer's declaration statement

A GPFR prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22 and (if applicable), the officer's declaration statement as per RG 21.

Due to this, the subsection 255(2A) report and the officer's declaration statement must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

A subsection 255(2A) report and the officer's declaration statement were included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Please ensure in future years that the subsection 255(2A) report and the officer's declaration statement are audited before provided to members and lodged with the ROC.

##### Registered auditor's details

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number.

Please ensure that in future years the auditor's statement includes both the name and registration number of the registered auditor.

### **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', written over a horizontal line.

**Kylie Ngo**  
**Registered Organisations Commission**

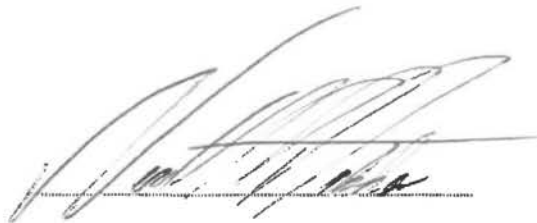
## Report by Council

I, NEVILLE KITCHIN being the officer responsible for THE COMMUNITY AND PUBLIC SECTOR UNION / SPSF GROUP SOUTH AUSTRALIAN BRANCH, certify that as at 30 June 2019 the number of members of the Branch was 10,789 and do state on behalf of the Council, and in accordance with a resolution passed by the Council on the 1st August 2019 that in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the year ended 30 June 2019 that:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the general purpose financial report relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the (RO Act); and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

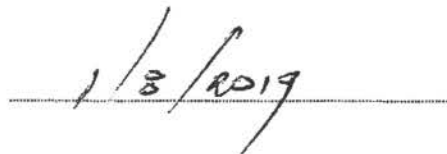
This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer:



Name and Title of designated officer: **Neville Kitchin, Branch Secretary**

Dated:



## Statement of Profit and Loss and Other Comprehensive Income

	Note	2019 \$	2018 \$
Revenue-membership contributions received from;			
Public Service Association of SA Inc		232,000	243,000
<b>Total Revenue</b>		<b>232,000</b>	<b>243,000</b>
Audit fees		5,800	5,707
Affiliation Fees ACTU	8	68,416	67,850
Bank charges		108	145
Consulting		-	-
Grants or Donations	9	-	-
National Campaign Costs	10	-	9,327
EDP costs		5,579	5,579
Capitation fee paid to CPSU/SPSF Federal Office	11	150,328	152,917
<b>Total expenditure</b>		<b>230,231</b>	<b>241,525</b>
Financial income - interest received		144	154
<b>Net Finance Income</b>		<b>144</b>	<b>154</b>
<b>Profit for the year</b>		<b>1,913</b>	<b>1,629</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income for the year</b>		<b>1,913</b>	<b>1,629</b>

The accompanying notes form part of these financial statements.

**Statement of Financial Position** At 30 June 2019

	Note	2019 \$	*Restated 2018 \$	*Restated 1 July 2017 \$
<b>Current Assets</b>				
Cash and cash equivalents	5	141,291	142,470	136,032
Trade and other Receivables	6	-	-	-
<b>Total Assets</b>		<b>141,291</b>	<b>142,470</b>	<b>136,032</b>
<b>Current Liabilities</b>				
Trade and other payables		14,300	17,392	12,583
<b>Total Liabilities</b>		<b>14,300</b>	<b>17,392</b>	<b>12,583</b>
<b>Net Assets</b>		<b>126,991</b>	<b>125,078</b>	<b>123,449</b>
<b>Equity</b>				
Retained earnings	7	126,991	125,078	123,449
<b>Total equity attributable to equity holders</b>		<b>126,991</b>	<b>125,078</b>	<b>123,449</b>

The accompanying notes form part of these financial statements.

\* Please refer to Note 16 Restatement of Comparative Balances.

## Statement of Changes in Equity

	Note	Retained Earnings \$	Total Equity \$
Balance as at 1 July 2017 as previously reported		136,032	136,032
Restatement – refer to Note 16	16	(12,583)	(12,583)
Restated Balance as at 1 July 2017		123,449	123,449
Profit for the period		1,629	1,629
Restated Balance as at 30 June 2018		125,078	125,078
Estimated adjustments due to adoption of AASB9		-	-
Restatement Balance as at 30 June 2018		125,078	125,078
Balance as at 1 July 2018		125,078	125,078
Profit for the period		1,913	1,913
Restatement Balance as at 30 June 2019		126,991	126,991

There are no other movements in equity arising from transactions with owners.

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Member receipts from associated body being the Public Service Association of SA Inc		232,000	243,000
Interest received		144	154
Payments to associated body CPSU/SPSF Federal Office and ACTU		(224,371)	(235,818)
Payments to suppliers		(8,952)	(7,008)
Net cash from operating activities	4	(1,179)	328
Increase in cash and cash equivalents		(1,179)	328
Cash and cash equivalents at beginning of financial year		142,470	142,142
Cash and cash equivalents at end of financial year	5	141,291	142,470

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Notes to and forming part of the Financial Accounts

### Note 1 Statement of significant accounting policies

The Branch is a not for profit entity and domiciled in Australia. The Branch was Incorporated in Australia.

The address of the Branch's registered office is 122 Pirie Street, Adelaide South Australia.

The financial report was authorised for issue by the Council during the Councillors' meeting on 1 August 2019.

#### (a) Statement of Compliance

The financial report of the Branch is a Tier 1 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – adopted by the Australian Accounting Standards Board (AASB) and Fair Work (Registered Organisations) Act 2009 (the RO Act).

#### (b) Basis of Preparation

The financial report is presented in Australian dollars. The financial report is prepared on the historical cost basis. The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Branch.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

#### (c) Taxation

The branch is exempt from paying income tax due to being a trade union in terms of Section 50 (15) of the Income Tax Assessment Act 1997.

#### (d) Trade and Other Receivables

Trade and other receivables are stated at their cost less impairment losses. The cost of the receivable is the fair value of consideration receivable at the date of the transaction.

#### (e) Trade and Other Payables

Trade and other payables are stated at cost. The cost of the payable is the fair value of the amount payable at the date of transaction.

#### (f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (g) Cash and cash equivalents

Cash and cash equivalents comprises cash at call.

#### (h) Members' Subscriptions

Member subscriptions are accounted for on an accrual basis, net of goods and services tax (GST)

## (i) New Standards and Interpretations

There are two new standards and amendments to standards that have been adopted and are applied in these financial statements

## AASB 9 Financial Instruments

AASB 9 published in July 2014, replaces the existing guidance in AASB 139 Finance Instruments: Recognition and Measurements. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The following assumptions have been made on the basis of the facts and circumstances that existed at the date of initial application:

- i The determination of the business model within which a financial asset is held.
- ii The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss (FVTPL)
- iii The designation of certain investments in equity instruments not held for trading as at FVOCI.

Under AASB139, the Branch calculated impairment on financial assets based on incurred losses, which are replaced with expected credit losses (ECL) under AASB 9. A loss allowance equal to 12 month ECL, is recognised unless there has been a significant increase in credit risk of the financial instrument since initial recognition. The new impairment model applies to financial assets measured at amortised cost has no significant effect in applying the expected credit loss model in estimating impairment.

The branch exposure to credit risk as at effectivity date is arising from its and cash equivalents. They were assessed as high grade since these are deposited in reputable banks with good credit standing, which have probability of insolvency and can be withdrawn anytime. The credit risk of this financial instrument is considered negligible since the counterparty is a reputable entity with high quality external credit rating based on the nature of the counterparty. No impairment was recognised from cash as a result of the application of AASB 9 consequently has not restated the comparative information.

Further, there are no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9. Accordingly, no restatements on the comparative information is made.

The following table shows the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Branch's financial assets as at 1 July 2018.

	Original Classification under AASB 139	New Classification under AASB 9	Original Carrying Amount under AASB 139	Original Carrying Amount under AASB 9
<b>Financial Assets</b>				
Cash	Loans and receivables	Amortised cost	\$142,470	\$142,470
<b>Total Financial Assets</b>			<b>\$142,470</b>	<b>\$142,470</b>

**(j) New Standards and Interpretations Not Yet Adopted****AASB 16 Leases**

AASB 16 Leases, published in 23 February 2016, replaces AASB 117 Leases. AASB 16 sets out the principles for the recognition, measurements presentation and disclosure of leases. The objective is to ensure that the leases and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 substantially carries forward of the lessor accounting requirements in AASB 117.

AASB 16 is effective for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of AASB 16. The Branch does not expect a significant impact on its financial report resulting from the application of AASB16.

**AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Branch plans to adopt AASB 15 on the required effective date 1 July 2019 of using full retrospective method.

The adoption of AASB 1058 and AASB 15 is not expected to have a significant impact on the Branch.

(k) The following disclosures are made for the purpose of Section 253 with paragraph numbers referring to the specific requirements under the Reporting Guidelines:

Paragraph 10 The reporting unit's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit as defined under the Fair Work (Registered Organisations) Act 2009.

Paragraph 11 The reporting unit pays capitation fees to the Federal Office of the State Public Services Federation Group, Community and Public Sector Union in accordance with the terms and conditions defined in the Rules of that organisation as registered by the Fair Work (Registered Organisations) Act 2009.

The reporting unit pays affiliation fees to the ACTU in accordance with the terms and conditions defined in the Rules of that organisation as registered by the Fair Work (Registered Organisations) Act 2009.

Paragraph 12 No asset or a liability was acquired during the financial year as a result of:

- a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- b) a restructure of the branches of the organisation; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

Paragraph 13 The following items were received during the year:

- a) Revenue is receipted from Public Service Association of SA Inc and not directly from members.
- c) A voluntary contribution was raised from the members for the furtherance of a particular purpose. The contribution was made to The Community & Public Sector Union State Public Services Federation Group for "Change the Rules" campaign.

Paragraph 13 The following items were not received during the year:

- b) a capitation fee from another reporting unit of the organisation or any financial support from another reporting unit.
- d) donations and grants.
- e) any revenue derived from undertaking recovery of wages.

## Statement of Profit or Loss and Other Comprehensive Income

## Expense

Paragraph 14 The following items were not incurred during the year:

- a) expenses incurred as consideration for employers making payroll deductions of membership subscriptions.
- c) fees and periodic subscriptions were paid in respect of affiliation fees to the ACTU. However no other payments were made to any political party, any federation, congress council or group of organisations, or any international body having an interest in industrial matters.
- d) compulsory levies imposed on the reporting unit, for each such levy.
- e) grants or donations.
- f) employee expenses related to holders of office of the reporting unit.
- g) employee expenses related to employees of the reporting unit including wages and salaries, superannuation, leave, separation/redundancies or other employee expenses occurred during the financial year.
- h) fees and/or allowances paid to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings.
- i) expenses incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible;
- j) legal costs and other expenses related to:
  - i. litigation; and
  - ii. other legal matters;
- k) penalties imposed on the organisation under the RO Act with respect to conduct of the reporting unit.

## Statement of Financial position

## Assets

Paragraph 15

- a) there were no receivables or other right to receive cash which have been derived as a result of one or more transactions and/or other past events with another reporting unit of the organisation.
- b) there were no payables or other financial liabilities which have been incurred as a result of one or more transactions and/or other past events with another reporting unit of the organisation.

## Statement of Financial position

## Liabilities

Paragraph 16 No amounts are payable in respect of:

- a) employers as consideration for the employers making payroll deductions of membership subscriptions;
- b) legal costs and other expenses related to litigation or other legal matters;
- c) employee provisions in respect of holders of offices in the reporting unit;
- d) employee provisions in respect of employees.

## Statement of changes in equity

Paragraph 17 No amounts are included in equity in respect of:

- a) compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit;
- b) monies, or the balance of monies referred to in subparagraph (a) have been invested in any asset;
- c) fund or account, the operation of which is required by the rules of the organisation including the rules of a branch of the organisation;
- d) transfer(s) and/or withdrawal(s) to a fund, account or controlled entity, when any of these are kept for a specific purpose(s) by the reporting unit.
- e) the general fund.

## Statement of Cash Flows

Paragraph 18 No amounts included in cash inflows or cash outflows are from another reporting unit and/or controlled entity of the organisation.

## Additional reporting requirements

Paragraph 19

- a) the financial affairs of the branch are administered by the Public Service Association of SA Inc which includes receipting of income from the PSA of SA Inc and payments of relevant expenses paid in the form of audit fees, affiliation fees to the ACTU, computer costs, capitation fees paid to CPSU Federal Office, BAS payments and bank charges.
- b) terms and conditions are such that the PSA of SA Inc will conduct, at no cost or obligation to the Branch, receipting and payment processes in the normal course of business and within the Branch's own accounts and set of accounts.

**Note 3 Information to be provided to members or Commissioner.**

In accordance with the requirements of the RO Act, the attention of members is drawn to the provision of subsections (1), (2), (3) of Section 272, which reads as follows:

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

<b>Note (3b) Levie - National Campaign Change Rules Contribution</b>	<b>2019</b>	<b>2018</b>
	\$	\$
National Campaign Change Rules Contribution	-	9,327

<b>Note 4 Reconciliation of net cash provided by operating activities with operating profit</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Profit for the year	1,913	1,629
Increase in trade and other receivables	-	-
(Decrease)/ Increase in trade and other payables	(3,092)	(1,301)
<b>Net cash from operating activities</b>	<b>(1,179)</b>	<b>328</b>

<b>Note 5 Cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Cash at bank	141,291	142,470

<b>Note 6 Trade and Other Receivables</b>	<b>2019</b>	<b>2018</b>
	\$	\$
	-	-

<b>Note 7 Retained earnings</b>	<b>2019</b>	<b>Restated * 2018</b>
	\$	\$
Balance at 1 July	126,991	124,449
Profit for the period	1,913	1,629
Balance at 30 June	126,991	125,078

\* Refer to Note 16 Restatement of Comparative Balances

<b>Note 8 Affiliation Fees</b>	<b>2019</b>	<b>2018</b>
	\$	\$
ACTU	68,416	67,850
Total Affiliation fees	68,416	67,850

<b>Note 9 Grants or Donations</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Grants</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000.	-	-
<b>Donations</b>		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000.	-	-
Total Grants and Donations	-	-

<b>Note 10 National Campaign Costs</b>	<b>2019</b>	<b>2018</b>
	\$	\$
National Campaign Costs	-	9,327
	-	9,327

<b>Note 11 Capitation Fees</b>	<b>2019</b>	<b>2018</b>
	\$	\$
CPSU/SPSF Federal Office	150,328	152,917
Total Capitation Fees	150,328	152,917

## **Note 12 Financial risk management**

### Overview

The Branch has exposure to the following risks from use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Branch exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report. The Council has overall responsibility for risk management and oversight of the Branch's investments.

Management policy has been established to identify and analyse the risk faced by the Branch, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

**Credit Risk**

Credit risk is the risk of financial loss to the Branch if a customer fails to meet payment obligations, and arises principally from the Branch's receivables from customers.

**Trade receivables**

The Branch's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Branch's only customer is The Public Service Association of SA.

**Investments**

The Branch limits its exposure to credit risk by only investing in a Cheque Account with a regulated Financial Institution.

**Liquidity Risk**

Liquidity risk is the risk that the Branch will not be able to meet its financial obligations as they fall due. The Branch's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Branch's reputation. The Branch has no borrowings or overdraft facilities in place and is always in a position to meet expected operational expenses, including the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**Market Risk**

Market risk is the risk that changes in interest rates will affect the Branch's income or the value of financial instruments.

**Interest Rate Risk**

The Branch adopts a policy of ensuring that investments are for fixed term with a fixed interest rate for that chosen term.

**Capital Management**

The Branch policy is to maintain a strong capital base so as to maintain member and creditor confidence and to sustain future development of the Branch. There were no changes in the Branch's approach to capital management during the year. The Branch is not subject to externally imposed capital requirements.

**Note 13 Financial instruments****Financial Instruments Credit Risk**

The carrying amount of the Branch's financial assets represents the maximum credit exposure.

The Branch's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2019 \$	2018 \$
Cash and cash equivalents	5	141,291	142,470

The Branch's maximum exposure to credit risk at the reporting date was \$141,291 (2018: \$142,470)

The Branch's maximum exposure to credit risk for trade receivables at the reporting by geographic region was nil (2018: \$nil).

The Branch's only customer is the Public Service Association of SA Inc.

The Branch's receivables are nil (2018: nil).

No impairment loss was recognised in current year (2018: nil).

There are no financial instruments for which the credit risk has significantly increased since initial recognition.

## Liquidity Risk

The following are the contracted maturities of financial liabilities of the Branch:

	Note	Carrying Amount \$	Less than 6 months \$
30 June 2019			
Trade and other payables	14	14,300	14,300
		14,300	14,300

	Note	Carrying Amount \$	Less than 6 months \$
Restated* 30 June 2018			
Trade and other payables		17,392	17,392
		17,392	17,392

Trade creditor payments are made as per creditors' payment terms.

At reporting date the interest rate profile of the Branch interest bearing instruments was:

Interest Bearing Instruments	Note	Carrying amount	
		2019 \$	2018 \$
Financial assets	5	141,291	142,470
		141,291	142,470

## Cash flow sensitivity analysis for interest bearing instruments

A change of 100 basis points (i.e. 1%) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018

	Profit or Loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
30 June 2019				
Interest Bearing Instruments	(48)	48	(48)	48
Cash flow sensitivity	(48)	48	(48)	48
30 June 2018				
Interest Bearing Instruments	(51)	51	(51)	51
Cash flow sensitivity	(51)	51	(51)	51

\* Refer to Note 16 Restatement of Comparative Balances



## Fair Values

## Fair values versus carrying amounts

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	30 June 2019		'Restated* 30 June 2018	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Cash & cash equivalents	5	141,291	141,291	142,470	142,470
Debtors	6	-	-	-	-
Trade and other payables		(14,300)	(14,300)	(17,392)	(17,392)
		126,991	126,991	125,078	125,078

The Fair value of the cash and cash equivalents are determined to be Level 1. There have not been any changes in the fair value classification between levels during the year (2018: nil).

\* Refer to Note 16 Restatement of Comparative Balances

**Note 14 Related Party Disclosures****(a) Councillors**

The names of each person holding the position of councillor during the financial year are listed below.

The persons listed held the position for the whole year unless otherwise stated.

Angelakis	Anna	
Barnes	Michael	
Beck	Andrew	
Bell-Corkin	Patricia	
Bellew	Mary-Jo	01/07/2018 – 27/06/2019
Brown	Amelia	20/05/2019 – 30/06/2019
Brown	Natasha	
Burford	Lesley	01/07/2018 – 18/06/2019
Correnti	Gemma	01/08/2018 – 30/06/2019
Dawson	Raylene	
Grantham	Kym	
Griffiths	Michael	
Hagivassilis	Christian	
Henderson	Sharon	
Hewish	Peter	
Kelly	Acacia	01/07/2018 – 18/04/2019
Juraja	Kristina	01/08/2018 – 30/06/2019
Kitchin	Neville	
Moragiannis	Peter	01/07/2018 – 17/04/2019
Mensforth	Noel	
Peak	Gayle	
Rozaklis	Lillia	
Snowball	Carl	01/07/2018 – 21/03/2019
Stitt	Robyn	
Tonkin	Margaret	
Wasyluk	Daniel	
Watson	Julie	

**(b) Councillors' remuneration**

No amounts were paid to councillors or Key Management Personnel during the financial year. All payments are paid through the PSA of SA inc.

**(c) Related Party Disclosure**

Members upon joining the Union are in fact joint members of the Public Service Association of SA Inc and the Community and Public Sector Union/SPSF Group South Australia Branch.

Member receipts are paid directly to the Public Service Association of SA Inc.

With the Public Service Association of SA ( PSA ) and the Branch sharing a common membership the PSA provides administrative support, including employment of staff who provide such support.

In view of the working relationship between the Public Service Association of SA Inc and the Branch, sustentation fees payable by the PSA of SA Inc to the Branch, are calculated on the basis of the actual costs of the Branch.

There were no outstanding balances between the PSA of SA Inc and the Branch as at 30 June 2019.

The payment of Capitation Fees to the Federal Office of the State Public Services Federation Group, Community and Public Sector Union in accordance with the terms and conditions defined in the Rules of that organisation as registered by the Fair Work (Registered Organisations) Act 2009 has been disclosed in Note 11. The outstanding balance as at 30 June 2019 is \$12,643 (2018: \$12,583).

**Note 15 Subsequent events**

There have been no events subsequent to balance date.

**Note 16 Restatement of Comparative Balances**

During the year it was identified that the Capitation Fee for the month of June 2017 and June 2018 has not been accrued as at 30 June 2017 and 30 June 2018, respectively. AASB 101 Presentation of Financial Statements requires the Branch to prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

The following disclosure summarises the impact of the restatement on the relevant prior year balances.

<b>Statement of Financial position</b>	<b>As previously reported 2018</b>	<b>Adjustment</b>	<b>Restated 2018</b>
	\$	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	142,470	-	142,470
Trade and other Receivables	-	-	-
<b>Total Assets</b>	<b>142,470</b>	<b>-</b>	<b>142,470</b>
<b>Current Liabilities</b>			
Trade and other payables	4,809	12,583	17,392
<b>Total Liabilities</b>	<b>4,809</b>	<b>12,583</b>	<b>17,392</b>
<b>Net Assets</b>	<b>137,661</b>	<b>(12,583)</b>	<b>125,078</b>
<b>Equity</b>			
Retained earnings	137,661	(12,583)	125,078
<b>Total equity attributable to equity holders</b>	<b>137,661</b>	<b>(12,583)</b>	<b>125,078</b>
<b>Statement of Financial position</b>			
	<b>As previously reported 2017</b>	<b>Adjustment</b>	<b>Restated 2017</b>
	\$	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	142,142	-	142,142
Trade and other Receivables	-	-	-
<b>Total Assets</b>	<b>142,142</b>	<b>-</b>	<b>142,142</b>
<b>Current Liabilities</b>			
Trade and other payables	6,110	12,583	18,693
<b>Total Liabilities</b>	<b>6,110</b>	<b>12,583</b>	<b>18,693</b>
<b>Net Assets</b>	<b>136,032</b>	<b>(12,583)</b>	<b>123,449</b>
<b>Equity</b>			
Retained earnings	136,032	(12,583)	123,449
<b>Total equity attributable to equity holders</b>	<b>136,032</b>	<b>(12,583)</b>	<b>123,449</b>

There was no impact on the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Cash Flows as a result of the restatement.



## Independent Reasonable Assurance Report to the Directors of the State Public Service Federation of South Australia

### Conclusion

In our opinion, in all material respects, the membership records of the State Public Service Federation of South Australia, being 10,789, has been prepared by State Public Service Federation of South Australia in accordance with Section 3 of the Rules of the CPSU, the Community and Public Sector Union Chapter C – SPSF Group Rules as at 30 June 2019.

### Information Subject to Assurance

Membership records of the State Public Service Federation of South Australia (“the Federation”) which state that the number of financial members as at 30 June 2019 is 10,789.

### Criteria Used as the Basis of Reporting

The Federation has submitted membership records to us which state the number of financial members as defined by Section 3 of the Rules of the CPSU, the Community and Public Sector Union Chapter C – SPSF Group Rules (“the criteria”).

### Basis for Our Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with the ASAE 3000 we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the membership records of the Federation as at 30 June 2019 is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

### How We Define Reasonable Assurance and Material Misstatement

- Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.
- Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the membership records of the Federation as at 30 June 2019.



## Use of this Assurance Report

This report has been prepared for the Councillors of the Federation for the purpose of providing an assurance conclusion on the membership records of the Federation in accordance with Section 3 of the Rules of the CPSU, the Community and Public Sector Union Chapter C – SPSF Group Rules, and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Councillors of the Federation, or for any other purpose than that for which it was prepared.

## Councillors' Responsibility

The Councillors of the Federation are responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the membership records of the Federation in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the membership records of the Federation as at 30 June 2019 that is free from material misstatement, whether due to fraud or error.

## Our Responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to the membership records of the Federation as at 30 June 2019, and to issue an assurance report that includes our conclusion.

## Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Sheenagh Edwards

*Partner*

Adelaide

1 August 2019



# Independent Auditor's Report

To the Members of The Community and Public Sector Union /  
SPSF Group South Australia Branch

## Opinion

We have audited the **Financial Report** of The Community and Public Sector Union / SPSF Group South Australian Branch (the Branch).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Branch as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards* and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act) or any other requirements imposed by the Registered Organisations reporting guidelines.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Committee of Management Statement.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Branch in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – Restatement of comparative balances

We draw attention to Note 16 to the financial statements, which states that the amounts reported in the previously issued 30 June 2018 Financial Report have been restated and disclosed as comparatives in this Financial Report. Our opinion is not modified in respect of this matter.



## Other Information

Other Information is financial and non-financial information in The Community and Public Sector Union / SPSF Group South Australian Branch's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Councillors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of Councillors for the Financial Report

The Councillors are responsible for:

- the preparation and fair presentation of the Financial Report for the purpose of meeting the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act) or any other requirements imposed by the Registered Organisations reporting guidelines.
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Branch's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.



## Use of this Assurance Report

This report has been prepared for the Councillors of the Federation for the purpose of providing an assurance conclusion on the membership records of the Federation in accordance with Section 3 of the Rules of the CPSU, the Community and Public Sector Union Chapter C – SPSF Group Rules, and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Councillors of the Federation, or for any other purpose than that for which it was prepared.

## Councillors' Responsibility

The Councillors of the Federation are responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the membership records of the Federation in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the membership records of the Federation as at 30 June 2019 that is free from material misstatement, whether due to fraud or error.

## Our Responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to the membership records of the Federation as at 30 June 2019, and to issue an assurance report that includes our conclusion.

## Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Sheenagh Edwards

Partner

Adelaide

1 August 2019



# CPSU (SPSF GROUP) SA BRANCH



## OPERATING REPORT

for period ended 30 June 2019

### S254 Fair Work (Registered Organisations) Act 2009

I, Neville Kitchin being the Branch Secretary of the CPSU/ (SPSF Group) – SA Branch, on behalf of the Council of the reporting unit for the financial year ended 30 June 2019, state;

(a) Principal activities during the year were of an Industrial nature including campaigning for improved wages and conditions. Activities are reviewed throughout the year, with no change deemed necessary to the nature of activities. The Branch has been successful in achieving its objectives.

(b) Financial affairs. No significant changes.

(c) Resignation procedure.

A member may resign from membership in accordance with Rule 8 by notice in writing to the Branch Secretary, 122 Pirie St. Adelaide SA 5000.

In accordance with S.174 of the RO Act two weeks notice shall apply for resignation, other than where the member leaves the industry in which case no notice period is required.

(d) Superannuation Trustees.

Neville Kitchin – UniSuper.

The position is held because the person was nominated by the reporting unit or peak council.

(e) Number of members as at 30 June 2019 is 10,789

(f) Number of employees as at 30 June 2019 is nil

(g) Persons who have been a member of the Committee of Management of the reporting unit at any time during the reporting period, and the period of which they held the positions(Attached)

(h) Five Highest Paid Officers. Nil Report, no salaries paid. No cash benefit paid.

Officer and related party disclosure statement included however the salaries and other payments are paid from the Accounts of the Public Service Association of SA Inc. This declaration is enclosed as PSA members are also eligible CPSU/SPSF members under the rules of both organisations.

Signature of designated officer:.....

Name and title of designated officer: Neville Kitchin, Branch Secretary

Dated:.....

# CPSU (SPSF GROUP) SA BRANCH



## COMMITTEE OF MANAGEMENT

For the year ended 30 June 2019

### Councillors

The names of each person holding the position of councillor during the financial year are listed below. The persons listed held the position for the whole year unless otherwise stated.

Angelakis	Anna	
Barnes	Michael	
Beck	Andrew	
Bell-Corkin	Patricia	
Bellew	Mary-Jo	Resigned 27/06/2019
Brown	Amelia	Commenced 20/5/2019
Brown	Natasha	
Burford	Lesley	Resigned 18/06/2019
Correnti	Gemma	Commenced 01/08/2018
Dawson	Raylene	
Grantham	Kym	
Griffiths	Michael	
Hagivassilis	Christian	
Henderson	Sharon	
Hewish	Peter	
Juraja	Kristina	Commenced 01/08/2018
Kelly	Acacia	Resigned 18/04/2019
Kitchin	Neville	
Moragiannis	Peter	Resigned 17/04/2019
Mensforth	Noel	
Peak	Gayle	
Rozaklis	Lillia	
Snowball	Carl	Resigned 21/03/2019
Stitt	Robyn	
Tonkin	Margaret	
Wasyluk	Daniel	
Watson	Julie	

# CPSU (SPSF GROUP) SA BRANCH



## OFFICER DECLARATION STATEMENT for period ended 30 June 2019

I, NEVILLE KITCHIN being the Branch Secretary of COMMUNITY & PUBLIC SECTOR UNION STATE PUBLIC SERVICES FEDERATION GROUP S.A. BRANCH, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to provide financial support to another reporting unit to ensure they continue as going concern.
- receive revenue by compulsory levies.
- make a payment to a former related party of the reporting unit.

Signature of prescribed designated officer: .....

A handwritten signature in black ink, appearing to read 'N. Kitchin', is written over a dotted line.

Name of prescribed designated officer: Neville Kitchin

Title of prescribed designated officer: Branch Secretary

Dated: .....

A handwritten date '1/2/2019' is written in black ink over a dotted line.

CPSU (SPSF GROUP) SA BRANCH

For the year ended 30 June 2019

CATEGORIES OF EXPENDITURE  
Sub-Section 255 (2a) of the RO Act.

2019-Expenditure as required under section 255 ( 2a) of the RO Act

	\$ 2019	\$ 2018
Categories of Expenditure		
Remuneration and other employment-related costs and expenses – employees	-	-
Advertising	-	-
Operating Costs	11,487	20,758
Donations to Political Parties	-	-
Legal Costs	-	-
Total	11,487	20,758

Note: Operating Costs include Audit fees \$5,800, EDP costs \$5,579 and Bank Charges \$108.(2019)

Operating Costs include National Campaign Costs \$9,327, Audit fees \$5,707, EDP costs \$5,579 and Bank Charges \$145.(2018)





3 July 2019

Neville Kitchin  
Branch Secretary  
CPSU, the Community and Public Sector Union-SPSF Group, South Australian Branch  
Sent via email: [enquiries@cpsu.asn.au](mailto:enquiries@cpsu.asn.au)

Dear Neville Kitchin,

**Re: Lodgement of Financial Report - FR2019/87  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the CPSU, the Community and Public Sector Union-SPSF Group, South Australian Branch (the reporting unit) ended on 30 June 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**



## Fact sheet

### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).

**STEP 1:**  
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:



**STEP 2:**  
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (**1st meeting**)



**STEP 3:**  
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)

**STEP 4:**  
Provide **full report** to members at least 21 days before the General Meeting



**STEP 5:**  
Present **full report** to a General Meeting of Members within 6 months of the reporting unit's end of financial year (2nd meeting)



**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)

**STEP 4:**  
Provide **full report** to members **within 5 months of the reporting unit's end of financial year**



**STEP 5:**  
Present **full report** to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (2nd meeting)



**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**



## Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
✗ The Committee of Management statement is just copied from the Reporting Guidelines	✓ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report  Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
✗ The Auditor's Report does not need to be signed until just before it is lodged with the ROC	✓ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
✗ The Designated Officer's Certificate must be signed before the report is sent to members	✓ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
✗ Documents can be dated when they should have been signed or when the events in the document occurred	✓ Documents must always be dated at the date they are actually signed by an officer or auditor
✗ Any auditor can audit a financial report	✓ Only registered auditors can audit the financial report
✗ The Committee of Management statement can be signed at any time	✓ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
✗ Any reporting unit can present the Full Report to a second COM meeting	✓ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
✗ Everything can be done at one Committee of Management meeting	✓ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u> . The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
✗ The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	✓ The reporting unit must lodge the financial report within 14 days of the second meeting

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## Fact sheet

### Loans, Grants & Donations

#### **The Loans, Grants & Donations Requirements**

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

#### **The Loans, Grants & Donations Statement**

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,\* and
- the arrangements for repaying the loan.\*

\*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

## Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✔ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✔ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✔ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

## Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

## **Implications for filing the Financial Report**

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

### **Further information**

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)