

October 2022

# Compliance Review Report

**CEPU Plumbing Division Victoria**

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## Purpose of this report

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Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (Electoral Act), this report provides the financial controller of the CEPU Plumbing Division Victoria (the entity) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2019–20 annual disclosure return lodged on behalf of the entity with disclosure obligations under s 314AEA of the Electoral Act.

## Associated entity

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The annual disclosure return for the financial year 2019–20 lodged in relation to the entity identified it as an associated entity of the registered political party known as the Australian Labor Party (Victorian Branch).

## Disclosure obligations

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Registered political parties and associated entities are required under Part XX of the Electoral Act to furnish returns.

Section 314AEA of the Electoral Act requires the financial controller of an associated entity to furnish a return within 16 weeks after the end of each financial year, disclosing:

- the total amount received by, or on behalf of, the entity, during the financial year, together with the details specified by s 314AC of the Electoral Act;
- the total amount paid by, or on behalf of, the entity, during the financial year; and
- the total outstanding amount, as at the end of the financial year, of all debts incurred by or on behalf of, the entity, together with the details specified by s 314AE of the Electoral Act.

By virtue of s 314AEA(5) of the Electoral Act, ss 314AC and 314AE apply to a return for an associated entity in the same way as they apply to a return for a registered political party.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the entity from a person or organisation during a financial year is more than the threshold amount specified therein, the annual disclosure return must include the particulars of that sum.

Section 314AE of the Electoral Act provides that if the sum of all outstanding debts incurred by, or on behalf of, the entity to a person or an organisation during a financial year is more than the threshold amount specified therein, the annual disclosure return must include the particulars of that sum.

For the 2019–20 financial year, the threshold was for sums in excess of \$14,000.

The Electoral Act is available in full in the following link:

<https://www.legislation.gov.au/Series/C1918A00027>

## Conduct of the review

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The authorised officer of the AEC has authority under s 316(2A) to require the production of documents and giving of evidence for the purpose of assessing compliance with the disclosure obligations required of registered political parties and associated entities under Part XX of the Electoral Act.

Subsection 316(2A) requires the financial controller of an associated entity to produce the documents or other things referred to in a notice served by the authorised officer within the period and in the manner specified in the notice or to appear, at the time and place specified in the notice, before the authorised officer to give evidence, either orally or in writing, and to produce the documents or other things referred to in the notice.

As part of this process, the authorised officer of the AEC served a notice on the financial controller under s 316(2A) requiring the entity to provide its financial records and other documents in relation to its financial operations for 2019–20.

## Scope of the review

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The records which were requested by the AEC from the entity were limited to those which enabled the AEC to assess the following aspects of compliance with its disclosure obligations under Part XX of the Electoral Act:

- the timeliness of lodgement of the annual disclosure return
- the completeness and accuracy of the following information disclosed in the entity's annual disclosure return for the 2019–20 financial year:
  - total gifts in kind
  - individual receipts above \$14,000
  - total debts
  - individual debts above \$14,000
  - discretionary benefits

The AEC did not examine other aspects of the financial operations of the entity such as the existence or effectiveness of internal controls.

## Stakeholder engagement

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The AEC's general practice is to communicate with the relevant officer of the entity by phone, email and/or face to face meetings as appropriate to cover the following topics:

- financial reports and documentation available from the entity's accounting system

- compliance issues arising from the AEC review of the financial reports and documentation provided by the entity
- required and suggested amendments to the annual disclosure return which arise from the compliance review
- potential enhancements in the entity's understanding of disclosure obligations and accounting processes to improve future compliance.

During the review the entity provided documentation to the AEC as requested and within set timeframes.

A draft compliance review report was issued by the authorised officer of the AEC on Friday 30 September 2022. The entity was provided with an opportunity to comment on the draft report by Friday 14 October 2022. The entity did not provide any comment and lodged a request for amendment on Thursday 13 October 2022.

## Review outcomes

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### 1. Timely lodgement

Subsection 314AEA(1) of the Electoral Act requires the financial controller of the associated entity to lodge an annual disclosure return with the AEC within 16 weeks after the end of the financial year. As lodgement occurred on 19 October 2020 which is before the due date of 20 October 2020, the return complied with the requirement under s 314AEA(1) to lodge a return for an associated entity within 16 weeks after the end of the financial year.

### 2. Accuracy in reporting – amendments

After examining the documents provided by the entity for the review, the authorised officer of the AEC identified several issues relating to compliance with disclosure obligations under section 314AEA of the Electoral Act. The issues are discussed in detail below.

#### Amounts of more than \$14,000 received

By virtue of s 314AEA(5) of the Electoral Act, s 314AC applies to a return for an associated entity in the same way as it applies to a return for a registered political party.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the entity from a person or organisation during a financial year is more than the threshold, the annual disclosure return must include the particulars of that sum. Furthermore, that sum is to include only those individual amounts which exceed the threshold.

Individual receipts exceeding the threshold were over-disclosed in the entity's 2019–20 annual disclosure return. Two amendments to individual receipts exceeding the \$14,000 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

<b>Part 3: Amounts of more than \$14,000 received – amendments</b>				
<b>Entry</b>	<b>Name</b>	<b>Address</b>	<b>Amount received</b>	<b>Receipt Type</b>
Original Entry No. 1	ATO	Locked Bag 8086 Kingsrove NSW 2208	\$ 194,000	Other Receipt
Amended entry no. 1	ATO	Locked Bag 8086 Kingsrove NSW 2208	\$ 144,000	Other Receipt
Original entry no. 2 (to be removed)	Adrian Gell	4 Mountain Crescent MONTROSE VIC 3765	\$ 16,500	Other Receipt
Amended entry no.2		Remove		

## Total Debts

Paragraph 314AEA(1)(c) of the Electoral Act requires the financial controller to report the total outstanding amount as at the end of the financial year of all debts incurred by or, on behalf of, the entity.

Total reportable debts of the entity were over-stated in the entity's 2019–20 annual disclosure return. The amount recorded as total debts in the return is required to be amended by the entity in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

<b>Part 5: Total Debts – amendment</b>	
Total disclosed in return	\$1,399,140
Amended total	\$1,192,427

## Debts of more than \$14,000

By virtue of s 314AEA(5) of the Electoral Act, s 314AE applies to a return for an associated entity in the same way as it applies to a return for a registered political party.

Section 314AE of the Electoral Act provides that if the sum of all outstanding debts, incurred by, or on behalf of, the entity to a person or an organisation during a financial year is more than the threshold, the return must include the particulars of that sum.

Individual debts exceeding the threshold were over-disclosed in the entity's 2019–20 annual disclosure return. Three amendments to individual debts exceeding the \$14,000 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

<b>Part 6: Debts of more than \$14,000 – amendments</b>				
<b>Entry</b>	<b>Name</b>	<b>Address</b>	<b>Amount Owed</b>	<b>Financial/Non-financial institution</b>
Original entry no. 1	CEPU Plumbing Division - National Office	52 Victoria Street, Carlton VIC 3053	\$ 910,110	Non-Financial Institution
Amended entry no.1	CEPU Plumbing Division - National Office	52 Victoria Street, Carlton VIC 3053	\$ 775,185	Non-Financial Institution
Original entry no. 2 (to be removed)	CEPU - National Office	Suite 408 Level 4, 30-40 Harcourt Parade ROSEBERRY NSW 2018	\$ 15,809	Non-Financial Institution
Amended entry no.2		Remove		
Original entry no. 3 (to be removed)	CEPU Communication Division	Level 9, 365 Queen Street Melbourne VIC 3000	\$ 27,162	Non-Financial Institution
Amended entry no.3		Remove		

## Discretionary Benefits

Section 314AEA(1)(d) of the Electoral Act provides for the disclosure of details of any discretionary benefits received by, or on behalf of the associated entity from the Commonwealth, a State or a Territory during the financial year.

Discretionary benefits disclosed by the entity were over-stated in the entity's 2019–20 annual disclosure return. An amendment to discretionary benefits is required in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

Part 7: Discretionary Benefits – amendments			
Entry	Name	Date of discretionary benefit	Amount received
Original entry no. 1 (to be removed)	ATO		\$ 194,000
Amended entry no.1		Remove	

## Matters requiring future action

It is recommended the entity ensures the accuracy of future annual disclosure returns and therefore improve compliance with Part XX of the Electoral Act by:

- examining all amounts received by the entity in identifying receipts above the threshold for disclosure, including only cash items received
- examining all debts listed in the trial balance as owing to other persons and entities in identifying total amounts owed as well as individual debts exceeding the threshold for disclosure
- checking the accuracy of all calculations of amounts for disclosure in the annual disclosure return.

## Conclusion

The authorised officer of the AEC for the purposes of s 316(2) of the Electoral Act has assessed the 2019–20 annual disclosure return for the entity lodged with the AEC on 19 October 2020 complied with the requirement under s 314AEA(1) of the Electoral Act to lodge a return for an associated entity within 16 weeks after the end of the financial year.

However, in view of the discrepancies identified, the return did not comply with the provisions of s 314AEA of the Electoral Act.

In view of the lodgement by the financial controller on 13 October 2022, of an amendment to the entity's 2019-20 annual disclosure return, the authorised officer of the AEC has assessed that the disclosure return (as amended) accurately includes the information required to be disclosed under the provisions of sections 314AEA of the Electoral Act.



Joanne Reid  
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Australian Electoral Commission

19 October 2022