

A BILL FOR AN ADMINISTRATION OF PARISHES ORDINANCE AMENDMENT (AUDIT AND REVIEW) ORDINANCE 2019

Explanatory Memorandum

This Bill proposes a change to the arrangements for parish audits. If adopted, a parish will only be required to seek a review of annual financial statements if the annual income for the parishes is less than \$250,000. Parishes with income in excess of \$250,000 will be required to undertake an audit as will parish organisation earning in excess of \$50,000. The Bill makes provision for a parish to be directed to undertake an audit.

The Bill

Be it ordained by the Synod of the Diocese of Newcastle of the Anglican Church of Australia as follows

1. This Ordinance may be cited as the Administration of Parishes Ordinance Amendment (Audit and Review) Ordinance 2019.
2. The Principal Ordinance is the "Administration of Parishes Ordinance 2010"
3. **The Principal Ordinance is amended in the following way -**
 - a. Section 3 is amended by
 - a. Deleting the definition of "auditor" and replacing it with:
"Auditor means a person qualified to undertake an Audit as defined in the Australian Charities and Not for Profits Commission Act 2012 (Cth)"
 - b. Inserting a definition of "Exempt Parish":
"Exempt Parish means a Parish which been determined by the Diocesan Council to be exempt from an Audit or Review in accordance with this Ordinance"
 - c. Inserting a definition of "Expenditure":
Expenditure means in respect of a Financial Year, all money spent, expended, or committed by a Parish or Parish Organisation within that Financial Year, and includes all money from whatever source expended on behalf of or for the purposes of or in connection with a Parish or Parish Organisation, its activities or its ministry and includes any ex-gratia payments made by the Parish
 - d. Inserting a definition of "Financial Reports"
Financial Reports means the minimum financial reporting requirements required to be completed by each Parish at least annually in accordance with this Ordinance
 - e. Inserting a definition of "Financial Year"
Financial Year has the same meaning as in section 69 of this Ordinance;
 - f. Inserting definition of "Income":
Income means, in respect of a Financial Year, all money received, raised by or contributed to or endowed upon a Parish or Parish Organisation within that Financial Year, and includes all money from whatever source received on behalf of or for the purposes of or in connection with a Parish or Parish Organisation, its activities or its ministry, not being sums to which section 87 apply;
 - g. Inserting a definition of "Nett Income":
Nett Income means, in respect of a Financial Year, the difference between the

- Parish Income and Parish Offsets for that Financial Year;
- h. In the definition of "Parish Contribution" deleting "part 10" and inserting "part 9".
 - i. Inserting a definition of "Parish Offsets":
Parish Offsets means, in respect of a Financial Year such expenditure within that Financial Year for specific purposes as Diocesan Council shall prescribe.
 - j. Inserting a definition of "Review":
Review has the meaning defined in the Australian Charities and Not for Profits Commission Act 2012 (Cth).
 - k. Inserting a definition of "Reviewer":
Reviewer means a person qualified to undertake a Review as defined in the Australian Charities and Not for Profits Commission Act 2012 (Cth).
 - l. Inserting a definition of "Standard Chart of Accounts":
Standard Chart of Accounts means a listing of all accounts used in the general ledger of a Parish in a standard format as approved by the Diocesan Chief Executive from time to time.
 - m. Inserting a definition of "Statement of Exemption":
Statement of Exemption means a statement issued by the Diocesan Chief Executive confirming that the Diocesan Council has exempted the Parish from Audit or Review.
- b. In Section 9 deleting "section 107" and inserting "section 110".
 - c. In section 29 deleting "section 26" and inserting "section 27".
 - d. In Sub-Section 44(d) deleting sub section 44(d)(v) and inserting:
 - "v. the presentation of the Financial Reports of:
 - a. the Parish which is an Exempt Parish together with a Statement of Exemption from the Diocese Chief Executive;
 - b. the Parish together with the report of the Auditor or Reviewer;
 - c. any Parish Organisation with Income less than \$50,000 with:
 - i. a report from the Reviewer where the Parish Council has required an Audit or Review of the Parish Organisation; or
 - ii. a declaration from the Parish Council that it has not required an Audit or Review of the Parish Organisation;
 - d. any Parish Organisation with income in excess of \$50,000 together with the report of a Reviewer."
 - e. By deleting sub-section 44(d)xii and inserting
 - "xii. Where the Income of the parish exceeds \$250,000 or is budgeted to exceed \$250,000 in the ensuing Financial Year, the election of an Auditor and where the Income of the Parish is less than \$250,000 and the Parish is not an Exempt Parish, the election of a Reviewer. The Auditor or Reviewer must be a person qualified in accordance with the requirements of the Ordinance, who shall hold office until the next annual general meeting; and"
 - f. By deleting sub-section 45(b) and inserting:
 - "(b) the Financial Reports of the Parish together with the report of the Auditor, or the Reviewer or a Statement of Exemption; and"

- g. By deleting section 47 and inserting:
- “47. Where a Parish holds its annual general meeting at a time when the Financial Reports for the Financial Year have not been prepared as prescribed by this Ordinance, these shall be presented to a Special General Meeting of Electors within four weeks of receipt of the report of the Auditor or Reviewer or the declaration of the Diocesan Chief Executive being received by the Parish Council Treasurer.”
- h. In section 55(b), by deleting “financial statements, audit” and inserting:
“Financial Reports, Audit or Review”
- i. In section 71(b), replacing “other authorised signatories” with “the persons authorised by the Parish Council or Parish Organisation”.
- j. By Deleting Sections 74, 75, 76, 77, 78 and 79 and inserting :
- “74. The Parish Council Treasurer will prepare or cause to be prepared the annual Financial Reports of the Parish for each Financial Year. These Financial Reports:
- a) should be prepared as “Special Purpose Financial Reports” in accordance with the guidelines issued by the Australian Charities and Not for profits Commission;
 - b) must contain the following information as a minimum:
 - i. a “Statement of Surplus or Deficit” which includes a summary which gives a true and fair view of all Income received by the Parish and all Expenditure made by the Parish during the Financial Year.
 - ii. a statement of all assets and liabilities of and in connection with the Parish as at the end of the Financial Year that gives a true and fair view of the state of affairs of the Parish at the end of that Financial Year;
 - iii. a description of any incoming receipts which represent capital, according to whether or not that capital is a permanent endowment; and
 - iv. such other information or disclosures as determined from time to time by the Board of the Newcastle Anglican Church Corporation; and
 - c) be accompanied by a statement from the Parish Financial Treasurer confirming that to the best of his or her knowledge and belief the Accounting records have been maintained in accordance with the requirements of this Ordinance and Section 10 of the Parish Handbook.

Parish Accounting Records to be Audited or Reviewed

- 74A. The Diocesan Council may exempt a Parish from the requirement to undertake an Audit or Review where the Parish maintains its accounting records utilising accounting software approved by the Diocesan Chief Executive, maintains its accounting records utilising the Standard Chart of Accounts approved by the Diocesan Chief Executive, and meets such other conditions for exemption from Audit or Review as may be determined by the Board of the Newcastle Anglican Church Corporation.

74B. The Audit or Review of the finances of the Parish shall be undertaken in the following manner:

- a) where a Parish has Income in excess of \$250,000 in any Financial Year an Audit of the Parish shall be undertaken as an Audit of a medium sized charity in accordance with the Australian Charities and Not for profits Commission Act 2012;
- b) where a Parish has Income less than \$250,000 and is not an Exempt Parish, a Review of the Parish shall be undertaken as a Review of medium sized charity in accordance with the Australian Charities and Not for profits Commission Act 2012;
- c) where a Parish has Income less than \$250,000 and has been determined to be an Exempt Parish, it will not be required to undertake an Audit or Review; and
- d) where the Income of a Parish Organisation exceeds \$50,000 or where the Parish Council has determined that the finances of the Parish Organisation be reviewed, a Review of the Parish Organisation shall be undertaken as a Review of a medium sized charity in accordance with the Australian Charities and Not for profits Commission Act 2012.

74C. The Parish Council Treasurer and the treasurer of every other Parish Organisation which is required to undertake an Audit or Review shall submit to the Auditor or Reviewer the Financial Reports, accounting records statements and books, vouchers and other documents and such evidence relating thereto as the Auditor or Reviewer may require.

Auditors or Reviewers report to be considered by relevant body and by the Annual General Meeting

75. The report of the Auditor or Reviewer or the declaration from the Diocesan Chief Executive shall be tabled at the meeting next before the annual general meeting of the Parish Council for perusal before the annual general meeting.

Financial Report and Auditors Report to be circulated amongst Electors

76. The Parish Council shall ensure that the annual general meeting receives:

- a. the annual Financial Reports of the Parish;
- b. the report of the Auditor or Reviewer, if required and
- c. a copy of the budget for proposed Income and Expenditure for the current Financial Year.

Consideration of Financial Report and Auditors or Reviewers reports may be adjourned for further information

77. The annual general meeting shall receive such Financial Reports and the report or the Auditor or Reviewer or any declaration from the Diocesan Chief Executive and may adjourn for the purpose of further considering the same provided however the annual general meeting may require the Parish Council or Parish Organisation or the incoming Parish Council or Parish Organisation to provide further information.

Financial Reports to be submitted to the Diocesan Chief Executive

78. The Parish Council shall forward one copy of the Financial Report together with

the report of the Auditor or Reviewer to the Diocesan Chief Executive within seven days of the annual general meeting.

Bishop and Diocesan Chief Executive may refer Financial Reports for further consideration

79. The Bishop or the Diocesan Chief Executive may refer the Financial Reports tendered to the annual general meeting back to the Parish Council or the Auditor or the Reviewer for a further report, explanation or information and such Parish Council, Auditor, or Reviewer shall report and supply such further information requested, notwithstanding that the term of office of one of the parties shall have ended.”

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