

# The Diocesan Organisation Reporting, Accounts and Audit Ordinance 2012 (Amended 2016)

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### Long Title

An Ordinance to lay down accounting and annual reporting requirements for Organisations of the Diocese of Grafton and for related matters.

The Synod of the Diocese of Grafton ordains as follows.

#### Part 1: Application of this Ordinance

##### 1. **Organisations to which this Ordinance Applies**

This Ordinance applies to –

- a) the unincorporated Organisations in the First Schedule;
- b) the Corporations in the Second Schedule; and
- c) all Organisations set up by or under ordinances or resolutions of the Synod or Bishop-in-Council to manage church trust property after the date on which this ordinance receives assent.

##### 2. **Requirements Additional to Those Imposed by Law**

The requirements of this Ordinance are in addition to those imposed by any law or statute.

#### Part 2: Records and Systems

##### 3. **Keeping Records and Reporting Liquidity Problems**

Each Organisation must –

- a) maintain records to correctly record and explain the transactions and financial position of the Organisation;
- b) maintain the records in a manner which will enable true and fair accounts to be prepared from time to time and to be audited in accordance with this ordinance;
- c) maintain the records for at least 5 years after the Financial Year to which they relate; and
- d) maintain satisfactory systems of Internal Control and Risk Management.

##### 4. **Internal Control**

The system of Internal Control maintained by an Organisation must include –

- a) policies for fulfilling its charter and complying with lawful requirements;
- b) sound practices for efficient, effective and economical management;
- c) procedures for the control of assets, liabilities, income and expenditure, and compliance with accepted accounting standards;
- d) segregation of functional responsibilities; and
- e) procedures to review the adequacy of and compliance with the system of Internal Control.

##### 5. **Risk Management**

The system of Risk Management maintained by an Organisation must include –

- a) procedures to identify and assess key risks to the Organisation;
- b) policies and procedures to manage the key risks;
- c) procedures to report to the members of the Organisation significant breaches of the law and the policies of the Organisation; and
- d) procedures for the annual review of the key risks.

##### 6. **Seal Register to be Kept by Corporations**

A Corporation must keep a seal register which records the following details of every document executed under seal –

- a) a description of the document or instrument;
- b) the date on which the seal was affixed;
- c) the names of the persons who witnessed the affixing of the seal; and
- d) the date of the meeting which approved the execution of the document.

## Part 3: Requirements for Audit

### 7. **Appointment of Auditor - Notification to Bishop-in-Council**

Each Organisation must –

- a) appoint, as the auditor of the Organisation, a person who is or persons who are –
  - i. registered as an auditor or auditors under the Corporations Law of any State or Territory of the Commonwealth of Australia;
  - ii. a member or members of the Australian Society of Certified Practising Accountants; or
  - iii. a member or members of the Institute of Chartered Accountants in Australia;
- b) upon the resignation or retirement of the auditor, appoint another auditor;
- c) notify Bishop-in-Council of the name and address of every person so appointed; and
- d) give the auditor a copy of this ordinance.

### 8. **Terms of Appointment of Auditor**

The terms of appointment of an auditor must include the requirements in clause 10 and an obligation to promptly notify the Registrar of the Diocese –

- a) of deficiencies in any matter (including deficiencies in Internal Control or in the communication of information to members of the Organisation) if the auditor qualifies the auditor's report because of the deficiency; and
- b) if the auditor has not signed a report on the financial statements within 6 months after the balance date of the Organisation.

### 9. **Financial Statements for Audit**

- a) Each Organisation must present the following financial statements to the auditor as soon as possible after the end of a Financial Year –
  - i. a balance sheet as at the end of the Financial Year giving a true and fair view of the state of affairs of the Organisation; and
  - ii. a statement of income and expenditure for the Financial Year giving a true and fair view of the income and expenditure.
- b) Subject to subclause 9c, the financial statements of an Organisation referred to in subclause 9a may, for the purposes of reporting under this Ordinance, be prepared as Special Purpose Financial Statements.
- c) If General Purpose Financial Statements are prepared for an Organisation for its own or any other purpose, such financial statements are to be used as the financial statements referred to in subclause 9a for the purposes of reporting under this Ordinance.

### 10. **Auditor's Report**

- a) Subject to subclause 10b, the auditor must undertake a General Purpose Audit and report to the members of the Organisation on the financial statements, giving an opinion on –
  - i. whether the documents are properly drawn up so as to give a true and fair view of the affairs of the Organisation;
  - ii. whether the accounting records and registers have been kept in accordance with this ordinance; and
  - iii. if the auditor is not satisfied, the reasons for not being satisfied.
- b) If an Organisation prepares the financial statements referred to in clause 9a

as Special Purpose Financial Statements, the Organisation may determine, in consultation with the auditor, that a General Purpose Audit is unnecessary and, if so, may determine the scope of any review and require the auditor to give an opinion on –

- i. whether anything has come to the auditor's attention that causes the auditor to believe that the financial statements do not present fairly, in all material respects, the financial affairs of the Organisation,
- ii. whether the accounting records and registers have been kept in accordance with this ordinance; and
- iii. if the auditor is not satisfied, the reasons for not being satisfied.

#### Part 4: Requirements for Reporting

##### **11. Reporting Liquidity Problems**

Each Organisation must notify the Registrar of the Diocese immediately when circumstances arise that may affect the ability of the Organisation to pay its debts as and when they fall due.

##### **12. Financial Reporting**

Within 6 months after the end of a Financial Year, each Organisation which is not referred to in the Second Schedule must submit to Bishop-in-Council a report containing internal management financial information produced for the Organisation which includes –

- a) a statement of income and expenditure, showing actual and budget year-to-date, together with a brief explanation of any significant variances between actual and budget; and
- b) a balance sheet showing current and end of last financial year balances, and, if produced, a comparison to budget; and
- c) a statement confirming compliance with the key borrowing covenants in relation to any borrowings of the Organisation.

##### **13. Financial Report – Second Schedule Organisations**

Within 3 months after the end of a Financial Year, and within 3 months after the end of a Half Year, each Organisation referred to in the Second Schedule must submit to Bishop-in-Council a report containing internal management financial information produced for the Organisation which includes –

- a) a statement of income and expenditure, showing actual and budget year-to-date, together with a brief explanation of any significant variances between actual and budget; and
- b) a balance sheet showing current and end of last financial year balances, and, if produced, a comparison to budget; and
- c) cash flow statements and key performance indicators and ratios together with a brief explanation of any significant variances between actual and budget, actual and benchmark or actual and target (as set by Bishop-in-Council); and
- d) a statement confirming compliance with the key borrowing covenants in relation to any borrowings of the Organisation; and
- e) a capital plan showing a true and fair estimate of future plant and building investments over the following 5 year period

##### **14. Annual Reports to Synod – Lodgement, Format and Content**

Within 6 months after the end of a Financial Year, each Organisation must submit to Bishop-in-Council for tabling at the next ordinary session of the Synod a report on that Financial Year signed by 2 duly authorised members of the Organisation which contains –

- a) an index or table of contents;
- b) the financial statements and auditor's report referred to in clauses 9 and 10;

- c) information, as appropriate, along the following lines –
  - i. Charter – a statement of the purposes for which the Organisation was established, stating its ordinance or other constituting documents and the sections of the church or the community served;
  - ii. Access – the address and telephone number of the principal office of the Organisation and its business hours;
  - iii. Members – the names of the members, the method and term of appointment of those members, their attendance at meetings, and the names of any significant committees;
  - iv. Structure – a chart indicating functional responsibilities within the Organisation and the titles, names and qualifications of the senior officers;
  - v. Activities – a narrative summary of the major activities for the Financial Year and the range of services provided; and
  - vi. Financial Results – a short summary of the results for the Financial Year comparing actual results to the budget, and the budget for the current Financial Year, with an explanation of any significant variances;
- d) a “liquidity” report stating the following information –
  - i. whether the members are of the opinion that, at the date of the report, there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they fall due;
  - ii. whether adequate provisions have been made (including but not limited to, provisions for employee entitlements);
  - iii. whether all trade creditors are being paid in accordance with normal terms of payment;
  - iv. whether all dealings with real and personal property (including money) have been consistent with the trusts on which the property is held;
  - v. whether any payment has been made to a member (other than in the capacity of an employee of the Organisation) and, if so, the name and total amount paid to the member;
  - vi. whether satisfactory systems of Internal Control and Risk Management have been maintained;
  - vii. whether appropriate types of insurance and levels of insurance cover are held for all insurable risks having regard to both value of assets and current levels of awards for damages; and
  - viii. particulars of any matter which has arisen since the end of the Financial Year and the date on which the report is signed which could have a significant effect on the Organisation; and
- e) a risk management report containing –
  - i. a summary of the key risks to the Organisation;
  - ii. a summary of the main policies and procedures in place to manage the key risks; and
  - iii. confirmation that the Organisation has in place procedures to report to the members of the Organisation significant breaches of the law and the policies of the Organisation.

## Part 5: Enforcement

### 15. **Supply of Information**

Bishop-in-Council may require an Organisation to furnish additional information on its affairs. It may also require an Organisation to report performance against standard industry benchmarks or other indicators or ratios set by Bishop-in-Council or its nominee.

## 16. **Non Compliance: Suspension of Members**

- a) If an Organisation does not comply with any provision of this ordinance, including a requirement under clause 15, Bishop-in-Council may authorise the sending of a notice to the members of the Organisation calling upon them to comply within 14 days after the date of the notice.
- b) The notice need not be sent to all members but must be sent to a majority of the members for the time being.
- c) If an Organisation does not comply with a provision of this Ordinance following the sending of a notice under subclause 16a, Bishop-in-Council, thereafter, may suspend all or any of the members of the Organisation and appoint a person or persons to act in their place.

## Part 6: Dictionary

### 17. **Definitions**

In this ordinance, unless the context otherwise requires

**Audit and Auditing** includes a review by an Independent Assurance Practitioner undertaken in accordance with *Standard on Review Engagements ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity* (or any standard which replaces that Standard).

**Auditor** includes an Independent Assurance Practitioner who undertakes a review in accordance with *Standard on Review Engagements ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity* (or any standard which replaces that Standard).

**Corporation** means a body corporate regulated under an ordinance of the Synod or its Standing Committee.

**Financial Year** means, subject to clause 18, the year commencing on 1 January.

**General Purpose Audit** means an audit of general purpose financial statements undertaken by a qualified auditor in accordance with the Australian Accounting Research Foundation's Auditing Standard AUS 702 or any standard which supersedes that standard.

**General Purpose Financial Statements** means general purpose financial statements prepared in accordance with the Australian Accounting Standards Board's Accounting Standard AASB 101.7 or any standard which supersedes that standard.

**Half Year** means the period ending 6 months after the commencement of the Financial Year.

**Internal Control** means the whole system of controls, financial or otherwise established by an Organisation in order –

- a) to carry on the business and affairs of the Organisation in an efficient and orderly manner;
- b) to ensure adherence to management policies of the Organisation;
- c) to safeguard the assets of the Organisation; and
- d) to secure, so far as is possible, the accuracy and reliability of the records of the Organisation.

**Member** means a member of the Organisation’s governing board or council.

**Organisation** means a body set up by the Synod or Bishop-in-Council as the Standing Committee of Synod to manage church trust property, whether constituted by an ordinance or a resolution, and includes a Corporation.

**Risk Management** means the whole system of identifying, assessing, managing and reviewing risks to an Organisation.

**Special Purpose Financial Statements** means financial statements other than General Purpose Financial Statements.

**18. Financial Year**

- a) Bishop-in-Council may, by resolution, specify a period or periods (whether of 12 months' duration or otherwise) to be the Financial Year for the purposes of this ordinance in relation to the Organisation or any part of the Organisation.
- b) If Bishop-in-Council so specifies, it may also, by resolution, specify the date by which reports in relation to the Financial Year or Half Year specified are to be lodged under clause 12 or 13.

Part 7: Citation and Repeal

**19. Citation**

This Ordinance may be cited as the “Diocesan Organisation Reporting, Accounts and Audit Ordinance 2012”.

**20. Relationship to Other Ordinances**

For Organisations for which this Ordinance applies –

- a) Where this Ordinance contradicts a requirement of an Ordinance that sets out the constitution of an Organisation, the requirement of the constitution shall prevail; and
- b) Where this Ordinance sets a different standard than that set out in another ordinance of the Diocese of Grafton, the requirement that sets a higher standard of compliance shall prevail.

**21. Bishop-in-Council may Delegate**

Bishop-in-Council may delegate by Ordinance or resolution to another body established by the Synod or the Bishop-in-Council, the rights and powers contained in this Ordinance to receive notifications, to receive reports, and to require an Organisation to furnish information.

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**First Schedule**

**Unincorporated Organisations**

Nil

**Second Schedule**

**Corporations**

Anglicare North Coast Inc.  
Bishop Druitt College  
Clarence Valley Anglican School  
Emmanuel Anglican College  
Lindisfarne Anglican Grammar School  
St Columba Anglican School  
St. Cuthbert’s Retirement Living Complexes Inc.