

Accounts, Audits and Annual Reports Ordinance 1995

(Reprinted under the Interpretation Ordinance 1985.)

The Accounts, Audits and Annual Reports Ordinance 1995 as amended by the Miscellaneous Amendments Ordinance 1999, the Accounts, Audits and Annual Reports Amendment Ordinance 2006, the Anglican Education Commission (Transitional Provisions) Ordinance 2006, the Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2008, the Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2010, the Auditing Amendment Ordinance 2011, the Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2013, the Regional Cathedrals (Amendment) Ordinance 2014, the Synod (Governance of Diocesan Organisations) Amendment Ordinance 2015, the Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2015 and the Sydney Anglican Home Mission Society Council (Merger with Anglican Retirement Villages Diocese of Sydney) Ordinance 2016.

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Long Title

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

The Synod of the Diocese of Sydney Ordains as follows.

Part 1: Application of this Ordinance

1. Organisations to which this Ordinance Applies

This Ordinance applies to –

- (a) the Organisations referred to in a Schedule to this Ordinance; and;
- (b) all Organisations set up by or under ordinances or resolutions of the Synod or the Standing Committee to manage church trust property after the date on which the Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2013 commences.

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 7 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.

Part 3: Requirements for Audit

7. Appointment of Auditor

Each Organisation referred to in the Second or Third Schedule must –

- (a) appoint, as the auditor of the Organisation –
 - (i) a registered company auditor (within the meaning of the Corporations Act 2001), or

- (ii) a firm that consents to be appointed, or is appointed, as auditor and at least one member of which is a registered company auditor (within the meaning of that Act), or
- (iii) an authorised audit company (within the meaning of that Act), and
- (b) upon the resignation or retirement of the auditor, appoint another auditor; and
- (c) give the auditor a copy of this Ordinance.

Note: *The persons who may be appointed as an auditor under clause 7(a) correspond to the persons who are authorised under section 60-30 of the Australian Charities and Not-for-profits Commission Act 2012 to undertake an audit or review of financial reports prepared for the purposes of that Act.*

8. Terms of Appointment of Auditor

The terms of appointment of an auditor must include the requirements in clause 10(1) and an obligation to promptly notify the Secretary of the Standing Committee –

- (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

(1) Each Organisation referred to in the First Schedule must as soon as possible after the end of a Financial Year prepare –

- (a) financial statements for the Organisation containing a statement of income and expenditure for the Financial Year and a balance sheet as at the end of the Financial Year, and
- (b) a members' declaration confirming –
 - (i) that appropriate accounting records and systems of internal control and risk management have been maintained,
 - (ii) that the financial statements give a fairly presented view of the Organisation's financial position as at the end of the year and of its performance for the year,
 - (iii) there are reasonable grounds to believe the Organisation will be able to pay its debts as and when they become due and payable, and
 - (iv) whether any audit or other assurance procedures were undertaken in relation to the finances of the Organisation for the Financial Year and, if so, the nature and outcome of those procedures.

(2) Each Organisation referred to in the Second or Third Schedule must as soon as possible after the end of a Financial Year prepare financial statements for the Organisation for the Financial Year in accordance with the Accounting Standards and present such statements to the auditor.

Note: *Under the Accounting Standards, each Organisation referred to in the Second or Third Schedule must determine whether it is a reporting entity required to produce general purpose financial reports (GPFR), or a non-reporting entity that can produce special purpose financial reports (SPFR). Generally the existence of users who are dependent on GPFR for making and evaluating resource allocation decisions will mean the organisation is a reporting entity. In certain circumstances it may be appropriate for a reporting entity preparing GPFR to apply the reduced disclosure requirement version of the Accounting Standards. A non-reporting entity can prepare SPFR which only comply with certain selected Accounting Standards.*

10. Auditor's Report

(1) Subject to subclause (2), the auditor must undertake an Audit and report to the members of the Organisation on the financial statements referred to in clause 9(2) giving an opinion on –

- (a) whether the documents are properly drawn up so as to give a true and fair view of the affairs of the Organisation;

- (b) whether the accounting records and registers have been kept in accordance with this ordinance; and
- (c) if the auditor is not satisfied, the reasons for not being satisfied.

(2) An Organisation referred to in the Second Schedule may determine that an Audit is unnecessary and, if so, may instead arrange for the auditor to undertake a Review of the financial statements referred to in clause 9(2).

Note: Under clause 3 of the *Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2013*, an annual financial report and a corresponding auditor's or reviewer's report given to the Australian Charities and Not-for-profits Commission by an Organisation for a Financial Year may, in certain circumstances, be treated as the financial statements and auditor's report of the Organisation for the purposes of clause 9 and 10 of this Ordinance.

Part 4: Requirements for Reporting

11. Reporting Liquidity Problems

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

12.

13. Financial Report – Third 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 Third Schedule must submit to the Standing Committee 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) if produced, cash flow statements and key performance ratios; and
- (d) a statement confirming compliance with the key borrowing covenants in relation to any borrowings of the Organisation.

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

Within 6 months after the end of a Financial Year, each Organisation must submit to the Standing Committee 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)
- (b) the financial statements referred to in clause 9 and, if applicable, the auditor's report referred to in clause 10;
- (c) a charities group status report stating –
 - (i) the legal name and Australian Business Number for the entity comprising the Organisation and any other entity under the Organisation's control;
 - (ii) whether each entity referred to in (i) is registered as a charity with the Australian Charities and Not-for-profits Commission; and
 - (iii) whether an annual information statement and, if applicable, an annual financial report and auditor's or reviewer's report for the Financial Year which comply with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* have been given to the Australian Charities and Not-for-profits Commission for each entity referred to in (i);

Note: The term "control" in paragraph (c)(i) is to be understood by reference to the *Accounting Standards*.

- (d) information, as appropriate, along the following lines –
 - (i) Access – the postal and email address and telephone number of the principal office of the Organisation;

- (ii) 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;
 - (iii) Charter – a statement of the purposes/objectives for which the Organisation was established, stating its ordinance or other constituting documents and the sections of the church or the community served;
 - (iv) Activities – a narrative summary of the major activities for the Financial Year and the range of services provided and a statement explaining how those activities achieved the objectives/purposes for which the Organisation was established; and
 - (v) 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;
- (e) if the report is being submitted for tabling at the first ordinary session of a Synod, a statement which –
- (i) assesses the extent to which the Organisation’s governance arrangements conform with the standards and guidelines in the Governance Policy for Diocesan Organisations passed by the Synod on 20 October 2014 as amended from time to time, and
 - (ii) explains any areas of non-conformity,
- (f)
- (g)

Part 5: Enforcement

15. Supply of Information

The Standing Committee may require an Organisation to furnish additional information on its affairs.

16. Non-Compliance: Suspension of Members

(1) If an Organisation does not comply with any provision of this ordinance, including a requirement under clause 15, the Standing Committee 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.

(2) The notice need not be sent to all members but must be sent to a majority of the members for the time being.

(3) If an Organisation does not comply with a provision of this Ordinance following the sending of a notice under subclause (1), the Standing Committee, 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. Interpretation

(1) The Interpretation Ordinance 1985 applies to this Ordinance. The headings in this Ordinance have been inserted for convenience only and do not affect the interpretation of this Ordinance.

(2) Notes in this Ordinance are for explanatory purposes only and do not form part of this Ordinance. The Diocesan Secretary is authorised to update the notes when reprinting this Ordinance under clause 8 of the Interpretation Ordinance 1985.

18. Definitions

In this ordinance, unless the context otherwise requires –

“Accounting Standards” has the same meaning as in the *Corporations Act 2001*.

Note: *The Corporations Act 2001 defines accounting standards to mean the accounting standards made by the Australian Accounting Standards Board pursuant to section 334 of that Act.*

“Audit” means an audit conducted in accordance with the Accounting Standards.

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

“Financial Year” means, subject to clause 19, the year commencing on 1 January.

“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.

“Organisation” means a body set up by the Synod or its Standing Committee to manage church trust property, whether constituted by an ordinance or a resolution, and includes a Corporation.

“Review” means a review conducted in accordance with the Accounting Standards.

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

19. Financial Year

(1) The Standing Committee 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.

(2) If the Standing Committee 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 13.

Part 7: Citation and Repeal

20. Citation

This Ordinance may be cited as the “Accounts, Audits and Annual Reports Ordinance 1995”.

21.

22. Amendment of Other Ordinances

Where another ordinance is inconsistent with this Ordinance, on the reprinting of that ordinance the Diocesan Secretary is authorised to make amendments to remove the inconsistency.

First Schedule

Anglican Education Commission
Archbishop of Sydney's Discretionary Trust
Georges River Regional Council
Ministry Training and Development Council
Northern Regional Council
South Sydney Regional Council
Sydney Church of England Finance and Loans Board
Western Sydney Regional Council
Wollongong Regional Council

Second Schedule

Anglican Media Council
Archbishop of Sydney's Anglican Aid (The) as trustee of the Archbishop of Sydney's Overseas Ministry Fund
Arundel House Council
Department of Evangelism and New Churches (The Board of)

Third Schedule

Abbotsleigh (The Council of)
Anglican Community Services
Anglican Schools Corporation
Anglican Youth and Education Diocese of Sydney (Anglican Youthworks)
Archbishop of Sydney's Anglican Aid (The)
Archbishop of Sydney's Anglican Aid (The) as trustee of the Archbishop of Sydney's Overseas Relief and Aid Fund
Arden Anglican School Council (The)
Barker College (The Council of)
Campbelltown Anglican Schools Council
Glebe Administration Board as trustee of the Diocesan Endowment
Illawarra Grammar School Council (The)
King's School (The Council of The)
Macarthur Region Anglican Church School (The)
Moore Theological College Council
St Andrew's Cathedral School (The Council of)
St Andrew's House Corporation as trustee of the St Andrew's House Trust
St Catherine's School, Waverley (The Council of)
Sydney Church of England Grammar School Council
Sydney Diocesan Secretariat
Tara Anglican School for Girls (The Council of)
Trinity Grammar School (The Council of)
William Branwhite Clarke College Council

Notes

1. On 13 April 2006 the Finance Committee confirmed that, pursuant to clauses 18(1) and (2) (subsequently renumbered as clauses 19(1) and (2)), Anglican Retirement Villages: Diocese of Sydney had been granted a substituted Financial Year of 30 June, and a date to lodge reports of 3 months after the substituted Financial Year, namely 30 September.
 2. On 15 February 2007 the Finance Committee confirmed that, pursuant to clauses 18(1) and (2) (subsequently renumbered as clauses 19(1) and (2)), the Sydney Anglican Home Mission Society had been granted a substituted Financial Year of 30 June, and a date to lodge reports of 3 months after the substituted Financial Year, namely 30 September.
 3. On 16 August 2012 the Finance Committee confirmed that, pursuant to clauses 18(1) and (2) (subsequently renumbered as clauses 19(1) and (2)), the Archbishop of Sydney's Anglican Aid had been granted a substituted Financial Year of 30 June, and a date to lodge reports of 3 months after the substituted Financial Year, namely 30 September.
 4. The amendments made by Ordinance No 52, 2013 apply to the financial years commencing on or after 1 January 2014.
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Table of Amendments

Long Title	Amended by Ordinance No 15, 2008.
Clause 1	Amended by Ordinances Nos 15, 2008 and 52, 2013.
Clause 3	Original clause deleted by Ordinance No 15, 2008. Renumbered by Ordinance No 15, 2008 and amended by Ordinance No 52, 2013.
Clause 4	Renumbered by Ordinance No 15, 2008.
Clause 5	Inserted by Ordinance No 15, 2008.
Clause 6	Amended by Ordinance No 46, 2015.
Clause 7	Amended by Ordinance No 15, 2008. Original clause omitted and new clause inserted by Ordinance No 52, 2013.
Clause 8	Amended by Ordinance No 52, 2013.
Clause 9	Amended by Ordinances Nos 15, 2008; and 21, 2010. Original clause omitted and new clause inserted by Ordinance No 52, 2013 and amended by Ordinance No 46, 2015.
Clause 10	Amended by Ordinances Nos 21, 2010 and 32, 2011. Original clause omitted and new clause inserted by Ordinance No 52, 2013.
Clause 11	Original clause omitted and new clause inserted by Ordinance No 15, 2008.
Clause 12	Original clause omitted and new clause inserted by Ordinance No 15, 2008. Amended by Ordinance No 21, 2010 and omitted by Ordinance No 52, 2013.
Clause 13	Original clause omitted and new clause inserted by Ordinance No 15, 2008. Amended by Ordinances Nos 21, 2010 and 52, 2013.
Clause 14	Inserted by Ordinance No 15, 2008 and amended by Ordinances Nos 52, 2013, 9, 2015 and 46, 2015.
Clause 15	Renumbered by Ordinance No 15, 2008.
Clause 16	Renumbered and amended by Ordinance No 15, 2008.
Clause 17	Renumbered by Ordinance No 15, 2008. Original clause omitted and new clause inserted by Ordinance No 52, 2013.
Clause 18	Original clause amended by Ordinance No 27, 1999. Renumbered and amended by Ordinance No 15, 2008. Amended by Ordinances Nos 21, 2010; 32, 2011 and 52, 2013.
Clause 19	Renumbered and amended by Ordinances Nos 15, 2008 and 52, 2013.
Clause 20	Renumbered by Ordinance No 15, 2008.
Clause 21	Renumbered by Ordinance No 15, 2008 and omitted by Ordinance No 52, 2013.
Clause 22	Renumbered by Ordinance No 15, 2008 and amended by Ordinance No 52, 2013.
First Schedule	Amended by Ordinances Nos 27, 1999; 12, 2006; 40, 2006 and 15, 2008. Original schedule omitted and new schedule inserted by Ordinance No 52, 2013. Amended by Ordinance No 22, 2014.
Second Schedule	Amended by Ordinances Nos 12, 2006 and 15, 2008. Original schedule omitted and new schedule inserted by Ordinance No 52, 2013.
Third Schedule	New schedule inserted by Ordinance No 52, 2013 and amended by Ordinances Nos 38, 2015; 46, 2015 and 9, 2016.

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1 July 2016

MARTIN THEARLE
Manager, Diocesan Finance