



**R S L N S W**

Respecting, supporting and remembering  
our veterans and their families

# Standard Operating Procedure 7

## Accounts, Financial Management and Expense Re-imburement

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## 1. Purpose

This Standard Operating Procedure (**SOP**) provides sub-Branches with guidance about:

- a) preparing and maintaining financial records and accounts;
- b) financial reporting to sub-Branch members;
- c) preparing annual financial reports;
- d) appointing Auditors and conducting audits of the financial statements;
- e) financial reporting obligations to RSL NSW - lodgement of sub-Branch Annual Returns (SBAs) and budgets to RSL NSW;
- f) external reporting obligations to the ACNC and NSW Fair Trading as applicable including lodgement of the Annual Information Statement (as defined below);
- g) out of pocket expense reimbursement; and
- h) prohibition against payments of honorariums.

Unless otherwise stated, capitalised terms used in this SOP have the meaning set out in Appendix A of the Constitution.

## 2. Procedure

### 2.1. Financial Reporting Period

The two most common reporting periods are:

- a) 1 January to 31 December (Calendar Year)
- b) 1 July to 30 June (Financial Year)

Subject to ACNC requirements from time to time, it is at the discretion of the sub-Branch which of these financial reporting periods is to be adopted in accordance with Australian Accounting Standards Board (**AASB**) Standards on Presentation of Financial Statements (**Reporting Period**). The standard ACNC reporting period is the Financial Year and ordinarily, registered charities using a Calendar Year reporting period must request permission from the ACNC to do so. The ACNC is aware and has accepted (for the time being) that many sub-branches use a Calendar Year Reporting Period.

Sub-Branch members must confirm and ratify by resolution at the sub-Branch AGM the Reporting Period to be adopted and (unless required to do so by the ACNC or some other legal requirement) a sub-Branch may only change its Reporting Period by a majority resolution of its members at a general meeting.

### 2.2. Keeping Financial Records and Accounts

Sub-Branch Executives are responsible for ensuring that accounts are kept and written financial records are prepared and maintained which:

- a) correctly record and explain all the sub-Branch's financial transactions and its financial performance and position;
- b) will allow true and fair Annual Financial Statements to be prepared and (if required) audited;
- c) demonstrate the sub-Branch's ongoing compliance with its obligations to further and pursue the Charitable Purpose; and

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- d) if the sub-Branch engages in fundraising comply with the requirements of charitable fundraising legislation, regulations and the conditions of any CFA held by the sub-Branch.

The sub-Branch Treasurer must present a financial report to each sub-Branch meeting which must include details of all sub-Branch income and expenditure since the last report, including bank reconciliations. All such expenditure must be ratified by the meeting.

The sub-Branch must keep its financial records for at least seven years.

Upon a request by a sub-Branch member, the sub-Branch Executives must make the books and financial records of the sub-Branch available for inspection at the sub-Branch premises at a mutually convenient time.

### 2.3. Preparing annual financial reports

All sub-Branches are required to prepare an annual financial report in accordance with the requirements in this section 2.3.

For sub-Branches which:

- a) are Small Registered Entities;
- b) do not hold a Charitable Fundraising Authority; and
- c) do not engage in any fundraising activities,

preparation of an SBA in the form prescribed by RSL NSW from time to time meets the obligation in this SOP to prepare an annual financial report.

For sub-Branches which:

- a) are Medium Registered Entities (as defined below);
- b) Large Registered Entities (as defined below);
- c) hold a Charitable Fundraising Authority; and/or
- d) engage in any fundraising activities,

the annual financial report must:

- a) be prepared in accordance with the applicable Australian Accounting Standards Board Standards;
- b) include financial statements and notes which give a true and fair view of the financial position and performance of the sub-Branch;
- c) in all other respects comply with the requirements of division 60 of the ACNC Act and the ACNC Regulations; and
- d) comply with the requirements of Charitable Fundraising legislation, regulations and the conditions of any CFA held by the sub-Branch.

The annual financial reports must be presented to a general meeting of the sub-Branch within six months after the end of the Reporting Period.

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## 2.4. Audits and Audit Reports

### Large Registered Entities and sub-Branches receiving fundraising proceeds greater than \$250,000

All sub-Branches which:

- a) are Large Registered Entities; and/or
- b) received more than \$250,000 gross in the relevant Reporting Period year from fundraising appeals conducted in that Reporting Period,

must have their annual financial reports audited in accordance with:

- c) division 60 of the ACNC Act and Regulation; and
- d) Charitable Fundraising legislation, regulations and the conditions of any CFA held by the sub-Branch.

### Medium Registered Entities

All sub-Branches, which are Medium Registered Entities, must have their annual financial reports audited OR reviewed in accordance with the audit requirements contained in the ACNC Act and the ACNC Regulation (Division 60).

If a sub-Branch is a Medium Registered Entity and received more than \$250,000 gross in the relevant Reporting Period year from fundraising appeals conducted in that Reporting Period, it must have its annual financial report audited in accordance with Charitable Fundraising legislation, regulations and the conditions of any charitable fundraising authority held by the sub-Branch.

### Small Registered Entities

Sub-Branches which are Small Registered Entities, and which received less than \$250,000 gross in the relevant Reporting Period year from fundraising appeals conducted in that Reporting Period, are not required to have their financial reports audited.

### Appointing Auditor or Reviewer

Where sub-Branches are required to appoint an auditor or a reviewer, that audit or review must:

- a) in the case of an audit, be conducted by:
  - i. a registered company Auditor;
  - ii. an audit firm; or
  - iii. an authorised audit company (**Auditor**).
- b) in the case of a review, be done by:
  - i. a registered company Auditor;
  - ii. an audit firm;
  - iii. Auditor; or
  - iv. a current member of a relevant professional body, CPA Australia – CPAA (CPA or FCPA designation), Chartered Accountants Australia and New Zealand – CAANZ (CA or FCA designation) or Institute of Public Accountants – IPA (FIPA or MIPA designation) (**Reviewer**).

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Sub-Branch Executives must appoint an Auditor or Reviewer (as the case may be) annually, and the members must ratify the appointment at the sub-Branch's annual general meeting.

Sub-Branches must use their best endeavours to make sure that the same Auditor or Reviewer is not appointed for more than seven consecutive years.

## 2.5. Sub-Branch Obligations to Report to RSL NSW

Sub-Branches are required to report to RSL NSW as part of their obligations under the RSL NSW Constitution. Specifically, sub-Branches must:

- a) submit an annual budget at least one month prior to the commencement of each new Reporting Period;
- b) submit an annual financial summary, in the form of an SBA using the template prescribed by RSL NSW from time to time and which is available to be downloaded in the Members' Suite on the RSL NSW website; and
- c) if the sub-Branch is required to have their financial statements audited or reviewed, submit a copy of the audited or reviewed annual financial reports with SBA at the time of submitting Financial Statements to the ACNC.

## 2.6. External Reporting

### **Federal Regulation - ACNC**

Sub-Branches, in their capacity as registered charities, must submit an AIS to the ACNC. The approved form of the AIS can be accessed through a sub-Branch's ACNC login on the ACNC charity portal. The AIS must be lodged with the ACNC within 6 months following the end of the Reporting Period. Due dates for lodgement are set out on the ACNC website.

Large Registered Entities and Medium Registered Entities must lodge their audited or reviewed (whichever is applicable) annual financial reports with their AIS.

Information on completing and submitting an AIS is available on the ACNC's website. This includes guidance on a national standard chart of accounts, templates and guidelines to reporting obligations and requirements.

### **State Regulation – NSW Fair Trading**

Unincorporated sub-Branches which hold a CFA and conduct fundraising activities must, if the gross income obtained from fundraising appeals in the Reporting Period exceeds \$100,000, submit a financial statement to NSW Fair Trading within three months after the audited financial statements are adopted at the sub-Branch AGM, or within seven months of the end of the Reporting Period (whichever is sooner).

If a sub-Branch is an incorporated association, it may have additional reporting obligations to the State regulator under the Associations Incorporations Act 2009 (NSW), however it is likely that sub-Branches remaining registered as charities with the ACNC will be exempted from the reporting requirements which relate to incorporated associations as a result of changes to reporting requirements that came into effect on 1 October 2018.

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## 2.7. Budgets

Sub-Branches must submit a budget to RSL NSW annually for the immediately upcoming annual Reporting Period. The budget must be submitted to RSL NSW one (1) month prior to the commencement of the new Reporting Period.

The budget should be presented using the template issued by RSL NSW which is available to be downloaded in the Members' Suite on the RSL NSW website.

The budget must be presented to a general meeting of sub-Branch members for acceptance and ratification before it is submitted to RSL NSW.

Once accepted and ratified by the members, a copy of the approved budget and any supporting documentation must be submitted to RSL NSW.

The Treasurer is responsible for acquitting and monitoring actual income and expenditure against the forecasted budget expectations.

## 2.8. Expense Reimbursement Procedure

A sub-Branch may reimburse a sub-Branch Member or volunteer for out of pocket expenses incurred in connection with sub-Branch administration and activities in accordance with the provisions of this SOP.

Out of pocket expenses must only be reimbursed if the expense is:

- a) reasonable for the purpose of sub-Branch business and activities;
- b) incurred with the prior approval of the sub-Branch Secretary (and in relation to an expense incurred by the sub-Branch Secretary, pre-approved by the Treasurer); and
- c) is supported by a valid tax invoice or receipt.

An out of pocket expense below \$200 may be reimbursed from petty cash.

All reimbursements of out of pocket expenses must be reported at the monthly general meeting and recorded in the minutes.

## 2.9. Honorariums

An honorarium is a payment made to an individual, as a reward for their voluntary service. Payment of honorariums by sub-Branches to its members is not permitted and must not be made.

## 3. Definitions

Unless otherwise stated, capitalised terms used in this SOP have the meaning set out in Appendix A of the Constitution.

**Annual Information Statement** means the information statement which must be lodged annually with the ACNC in the form approved by the ACNC from time to time.

**Large Registered Entities** are sub-Branches whose revenue in the Reporting Period is greater than \$1,000,000 and a **Large Registered Entity** is any one of them.

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**Medium Registered Entities** are sub-Branches whose revenue in the Reporting Period is greater than \$250,000 and less than \$1,000,000 or any other amount which may be prescribed by the ACNC Regulation from time to time and a **Medium Registered Entity** is any one of them.

**Small Registered Entities** are sub-Branches whose revenue in the Reporting Period is less than \$250,000 or any other amount which may be prescribed by the ACNC Regulation from time to time and a **Small Registered Entity** is any one of them.

## 4. References & Resources

### Legislation, standards, etc.

Australian Accounting Standards Board

*Australian Charities and Not-for-profits Commission Act 2012* (Cth)

*Australian Charities and Not-for-profits Commission Regulation 2013* (Cth)

*Charitable Fundraising Act 1991* (NSW)

*Charitable Fundraising Regulation 2015* (NSW)

ACNC – Annual Information Statement (AIS)

## 5. Example Table

To assist sub-Branches, set out on the following page is a table which sets out the requirements for each of Small Registered Entities, Medium Registered Entities and Large Registered Entities.

	Do you engage in fundraising <sup>1</sup>	Do you hold a Charitable Fundraising Authority	Budget to RSL NSW one month prior to start of period	SBA to RSL NSW	Annual Report in accordance with Accounting Standards	Annual Information Statement for ACNC <sup>3</sup>	Audit/Review <sup>2</sup>	NSW Fair Trading (if fundraising revenue is >\$100k)
<b>Small (Revenue less than \$250k)</b>	No	No	Yes	Yes	No	Yes	No	No
	No	Yes	Yes	Yes	No	Yes	No	No
	Yes	No	Yes	Yes	No	Yes	No	No
	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
<b>Medium (Revenue \$251k-\$1m)<sup>2</sup></b>	No	No	Yes	Yes	Yes	Yes	Yes - audit or review	No
	No	Yes	Yes	Yes	Yes	Yes	Yes - audit or review	No
	Yes	No	Yes	Yes	Yes	Yes	Yes	No
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Large (Revenue &gt;\$1m)</b>	No	No	Yes	Yes	Yes	Yes	Yes	No
	No	Yes	Yes	Yes	Yes	Yes	Yes	No
	Yes	No	Yes	Yes	Yes	Yes	Yes	No
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

1 = If you fundraise and raise less than \$15k in a Reporting Period, you do not need a Charitable Fundraising Authority (CFA) from NSW Fair Trading, but you still need to comply with the requirements of the Charitable Fundraising Act.

If you fundraise and raise more than \$15k in a Reporting Period, you must hold a CFA and you must comply with the requirements of the Charitable Fundraising Act

2 = A medium entity may elect to have its accounts audited or reviewed if it does not fundraise. However, if it carries out fundraising in the Reporting Period, the financial statements must be audited.

3 = A medium or large charity must lodge audited financial statements with the ACNC at the same time as it lodges its AIS.