

UNIVERSITY OF QUEENSLAND UNION'S

ACTION PLAN FOR ENHANCING ACCOUNTABILITY, GOVERNANCE AND TRANSPARENCY 2013

ISSUE	ACTIVITY	AUDIT KEY FINDINGS OR RECOMMENDATION	UQU COMMITMENT AND RESPONSE
	Improving governance arrangements		
1.	UQ received an allegation that Union records have been changed and documents disposed of.	The audit found there was no evidence to support the allegation that Union records had been changed and documents disposed of, and that the Union provided all available documentation requested by the auditors.	<p>Agreed.</p> <p>From the outset, the UQU has cooperated fully with the University and the auditors appointed to test the veracity of the claims that were made that records were changed and documents disposed of, which allegations have not been substantiated in any way.</p>
2.	UQ received an allegation that amendments made to the Union Regulations on 25 March 2011 and 10 August 2012 were not made in accordance with the Union Constitution.	The auditors found "[t]he amendments passed on 25 March 2011 and 10 August 2012 appears (sic) to have been undertaken in accordance with the UQU Constitution".	<p>Agreed.</p> <p>Nonetheless, the UQU accepts that concern has been expressed about the notice period provided under section 55 of the Constitution to Union Members. To respond to these concerns, the UQU undertakes to provide no less than 7 days' notice of any meeting where there are proposed amendments to any Regulations. In doing so we are going above and beyond what is required to ensure transparency.</p> <p>Further, the UQU will enhance the manner in which communication and notification of such meetings are made to members, including electronically, to further enhance transparency.</p>
3.	Regularity of Council Meetings and General Meetings.	The auditor found in relation to section 20.1 of the UQU	The UQU recognises that the participation of students and attendance at General Meetings has been a

		<p>Constitution: “As monthly meetings were not held between February and November inclusive, it would appear that the Union has not complied with this section of the Constitution”.</p>	<p>perennial challenge for successive administrations of the UQU and their student representatives. We undertake to use our best endeavours to call and hold more regular meetings of the UQU Council, and General Meetings as are necessary, to consider business items or to report on the activities of the UQU’s operations and performance to thereby enhance transparency.</p>
4.	<p>Whether all expenditure by the UQU was consistent with the Funding and Services Agreement (FSA) between the Union and the University, and the relevant SSAF Guidelines which are made pursuant to the federal <i>Higher Education Support Act 2003</i>.</p>	<p>The auditors found that: “[T]he broad categories of allowable expenditure contained in Grant provisions make it difficult to determine whether certain types of expenditure are within approved expenditure categories as set out in the FSA and SSAF Guidelines. We recommend that the FSA be amended to include specific provisions to better define and prohibit expenses of a nature that could potentially be deemed of a personal nature or not within the purpose of the Grant”.</p> <p>The auditor stated: “We recommend legal advice is obtained regarding whether or not it [any expenditure made with a reference to ‘Fresh’] complies with the FSA and SSAF Guidelines” and the UQU Constitution.</p> <p>The auditor stated: “We recommend that legal advice is</p>	<p>The UQU agrees with the broad observation that there is a lack of clarity in relation to aspects of what constitutes allowable expenditure under the existing FSA between the University and the UQU. We believe it is desirable and in the interests of both organisations, to clarify those provisions of the FSA.</p> <p>The current Executive have already made amendments that strengthen the documentation required to substantiate expenditure which is properly incurred in the performance of duties by UQU officer bearers or office bearers of Clubs and Societies, but which otherwise could be perceived as expenditure of a personal nature or otherwise not within the purpose of the Grant.</p> <p>The UQU’s view is that the UQU has at all times used the funds provided by the University in accordance with both the existing Funding and Services Agreement and the Student Services, Amenities, Representation and Advocacy Fee Guidelines enacted under the <i>Higher Education Support Act 2003</i>.</p> <p>The UQU takes adherence to our Constitution and regulations very seriously. However, we nonetheless accept that the events that have transpired in relation to</p>

		obtained to determine whether the Union indirectly 'supports a political party' within the meaning of the SSAF Guidelines".	this matter do provide useful learnings whereby the Union's agreements may be enhanced in order to provide additional transparency and accountability, and we are committed to taking the necessary steps to implement such changes for the benefit of all our members and students.
5.	Cooperation with the University in relation to all matters, including the audit and other matters covered under the <i>2009 Funding and Services Agreement</i> that exists between the University and the UQ Union.	The auditor report states: "All documentation requested by BDO was provided by the Union".	<p>The UQU will continue to fully cooperate with the University and respond to all appropriate requests for information, consistent with the Union's commitment to transparency in relation to its governance matters.</p> <p>The UQU has taken very seriously the allegations that were raised late last year, and has been very concerned about the reputational damage that has been caused to both the UQU and University, but understand that these matters needed to be properly examined.</p> <p>Despite the audit finding that the key complaints made have not been substantiated, we are resolved to still take whatever steps are available to us to further improve the governance and processes within the UQU Union. The UQU is committed to the highest standards of integrity, accountability and transparency in relation to its activities and the funds it manages on behalf of students and of the broader University community.</p>
6.	Complaints and appeals procedures available to Union members.	The auditors did not make any findings or recommendations in relation to this matter.	The UQU undertakes to review the operation and scope of existing UQU general complaints and appeals procedures, and the way in which such procedures and mechanism are publicised, including the dispute resolution process relating to student elections and the operation of the Electoral Tribunal.

			Following completion of this review, all relevant details and information will be made available on the UQU website so that all processes are clear and transparent.
	Reforming electoral regulations		
7.	Appointment of an independent Returning Office to oversee student elections.	The auditors did not make any findings or recommendations in relation to this matter.	The UQU undertakes to further enhance the transparency of its elections by inviting the University to nominate a representative to sit on the Returning Officer Selection Panel which appoints the Returning Officer for the annual elections. The UQU will support the necessary amendments to the Regulations to facilitate the addition of a University representative on this panel.
8.	Reservation of electoral group names.	The auditors did not make any specific findings or recommendations in relation to this matter.	<p>The UQU Union believes that there is a strong consensus view that there is a public interest in groups of student who coalesce together for the purposes of running a team or 'ticket' in the annual student elections, to have the capacity to reserve that name for use in subsequent elections, or conversely to prevent other groups of students from using the name which they have previously registered.</p> <p>As such, the UQU will review the regulations relating to the registration and reservation of electoral group names, with a view to achieving this objective and ensuring that there is a workable mechanism in the regulations for the protection of electoral group names from one year to the next, and address any deficiencies which are identified in the operation of the existing regulations.</p>
9.	The University received allegations that the conduct of the UQU student elections	The auditors did not make any specific findings or	The UQ Union is strongly committed to its annual elections being held in a fair, transparent and

	last year were not ‘free and fair’, and consideration of the conduct of future UQ elections.	recommendations in relation to this matter.	<p>accountable manner.</p> <p>The UQU notes that the independent Electoral Tribunal unanimously upheld last year’s student elections as not breaching any regulations or involving any irregularities, and found no basis for overturning the election result or substantiating allegations that the election was ‘rigged’ and completely dismissed allegations of any electoral impropriety in the 2012 UQU student elections. The members of the Tribunal are legal practitioners who are independently appointed every 12 months.</p> <p>Further, as noted above, the auditors found that the amendments passed by UQU Council on 25 March 2011 and 10 August 2012 were made in accordance with the UQU Constitution.</p> <p>Nonetheless, the UQU Executive’s view is that there is always scope to improve the governance, oversight and administration of the annual elections, and is committed to reviewing and implementing such measures to give effect to this objective in consultation with its members.</p> <p>The Union has approached the University, with a view to introducing an Electoral Charter to strengthen the democratic processes by which UQ students elect their student representatives.</p>
	Strengthening financial management and accountability		
10.	Transparency and nature and type of expenses that are allocated to Grant funding.	The auditor recommended “that the Grant budget is prepared according to the specific nature of an expense rather than according to location or broad category. This	Noted and agreed.

		<p>will provide transparency and accountability of Grant expenditure as well as acting as a high level control over Grant expenditure”.</p> <p>The auditor further recommended “that the summaries of Grant expenditure by Payee, General Ledger Coding and Expense Category prepared during our work are reviewed to gain a high level understanding of Grant expenditure”.</p> <p>The auditor recommended “that invoices are received for all expenditure allocated to Grant funding in order to reduce the risk of unsubstantiated expenditure being allocated to Grant funding”.</p>	
11.	Provision of funding to registered Clubs and Societies.	<p>The auditor recommended “that payments to Clubs or Societies are invoiced to the Union directly by the Clubs or Societies under the Clubs or the Societies’ name. It is prudent to eliminate payment being made to individual’s bank accounts on behalf of the Clubs or Societies”.</p>	<p>Agreed.</p> <p>The Union undertakes to review and strengthen the guidelines and governance practices relating to the provision of grants, funding and other assistance to Clubs & Societies that are registered with the UQU. Presently, there are over 200 student clubs and societies which benefit from such assistance.</p> <p>The UQU has always supported requiring all Clubs and Societies to have an operational bank account as a condition of registration, which account must be used</p>

			<p>for receipt and disbursement of all funding subsidies, grants or reimbursements approved by the Clubs and Societies Committee.</p> <p>We recognise that this may be an inconvenience for some smaller and less established clubs and societies, however the UQU is of the view that this inconvenience is outweighed by the need to ensure the highest levels of accountability for the disbursement of all funding and grants made by the Union to Clubs and Societies.</p>
12.	Reimbursement of expenses incurred by the UQU on behalf of student groups and Clubs and Societies, including Fresh.	The auditors confirm that invoices in the amount of \$4,657.02 was reimbursed by the former UQU President (as had been undertaken at the time the expenses were incurred).	<p>While there is nothing currently in the regulations to directly prohibit such reimbursement arrangements, nonetheless the new UQU Executive is of the view that in future such arrangements should be prohibited as it does not represent best practice financial management and does not enhance the accountability of the UQU. As such it should not be encouraged or permitted.</p> <p>To give effect to this measure, the UQ Union will propose amendments to the regulations that clearly prohibit such expenditure and reimbursement arrangements for student groups unless they are a registered Club or Society with a bank account.</p> <p>We recognise that this may be inconvenient for some student groups and clubs that are structured such that they do not possess their own ABN independent of the UQU, however the UQU is of the view that this inconvenience is outweighed by the need to ensure the highest levels of accountability for the disbursement of all funding and grants made by the Union to student clubs and societies.</p>

13.	Accounting processes and controls	The auditor found: “Based on our work completed, discussions with management and our experience with controls and processes in organisations of similar nature and size including commercial enterprises and not-for-profit organisations, in our opinion, the controls and processes utilised for the Union’s grant expenditure do not appear to be unreasonable to manage key risks. In our opinion, the accounting processes and controls carried out are within the requirements of the FSA and SSAF Guidelines”.	Noted and agreed.
14.	Reimbursements paid to UQU office bearers for expenses properly incurred in the performance of their duties.	The auditor recommended that “a segregation of duties between the raising of purchase invoices, approval of invoices and allocation of invoices against Grant funding is implemented”.	<p>Agreed.</p> <p>The UQU agrees that reimbursements including of petty cash amounts should not be made without a tax invoice or, in extraordinary circumstances where that is not possible, a statutory declaration in a prescribed form substantiating the expenditure, prior to any reimbursement being made. The UQU will review and strengthen such arrangements in order to ensure that financial management practices are best practice and that all documentation is properly retained for auditing purposes.</p> <p>The Union has itself reviewed all transactions identified by the auditors and consequently strengthened internal procurement and remittance processes in accordance with best financial practices. We note that some of the</p>

			reimbursements noted in the audit relate to the Union fulfilling OH&S obligations (provision of footwear) and purchase of Valentine's Day flowers for UQU staff.
15.	Co-branding of promotional materials produced and paid for by the UQU.	<p>The auditors did not make any specific findings or recommendations in relation to this matter.</p> <p>However, the auditors noted that a total amount of \$63,983.700 in expenditure by the previous UQU administration related to materials which included a reference to both the University of Queensland Union and 'Fresh'.</p>	<p>Irrespective of any different interpretations that may exist in relation to the existing regulations, the new UQU Executive is strongly committed to making the existing regulations more robust, and believes it is appropriate to prohibit expenditure of the kind that has allowed successive teams running the UQU in recent decades to advertise their team name as part of the normal operating practices of the Union.</p> <p>We therefore propose to take forward changes to UQU policy which will tighten the rules around co-branding, both during and outside the election period. While this has not previously been prohibited we accept that this is consistent with best financial management practices, accountability to our members and current expectations.</p> <p>We note that some of the materials where co-branding was involved, the predominant feature of the materials was a large UQ Union logo and that the Union had included other branding in direct response to student feedback who had indicated they wanted to know which team of students was administering the Union. While this practice was done in good faith, the current UQU Executive accepts that it would be preferable if this was no longer permitted to occur in order to avoid the controversy that has taken place recurring.</p> <p>The current UQU Executive strongly believe that UQU funds should not be provided for, or used for, the purpose of supporting any particular groups that from</p>

			time to time run tickets of candidates for election as office bearers of the UQ Union. As such, and further to the other reforms committed to above, the Union will support changes prohibiting any Union facilities or property (such as tables, chairs, marquees and the like) from being used by any candidates in an election, enforceable by the Returning Officer, in order to ensure that no candidates receive any undue advantage over other candidates as a consequence of incumbency.
16.	Annual audit of the Union's accounts	The audit recommended: "that consideration be given to UQ appointing an independent party to review the Union expenditure on a six monthly or yearly basis to assist with detecting non-compliance with the Act and Constitution, errors and fraud".	<p>The UQ Union is already independently audited annually. In order to further increase transparency, the UQ Union proposes to publicly present an annual financial report, which is only currently provided to Union Council, thereby facilitate ongoing transparency in the Union's operations.</p> <p>The UQ Union regards the current annual audit which is conducted as sufficient and consistent with financial accountability practices for an organisation of the size and nature of the UQU, and does not believe the audit has made a case for further expenses being incurred by students to implement this recommendation.</p>
17.	Ensuring that Union funds are not spent on activities that members may legitimately regard as "political".	The auditors did not make any specific findings or recommendations in relation to this matter.	In addition to other accountability reform measures, the UQU undertakes to amend its regulations to prohibit union funds being used for the purposes of donating funds to the National Union of Students, which group regularly runs direct political campaigns at federal and state elections and is thereby overtly supporting candidates running for election to a Commonwealth, a State or a Territory, or a local government body. While members of UQU have chosen not to formally affiliated with the NUS, this measure will put beyond any doubt

			that such expenditure is not allowed under the grant provisions.
	Upgrading communications to members to enhance transparency		
18.	Providing Notices of meetings for the Union's Council (the peak representative body for UQ students), including copies of the agenda, and publication of other notices and information relating to UQ Union activities and elections.	The auditor found in relation to the meeting held on 10 August 2012: "A number of amendments to the Regulations were passed at the 10 August 2012 meeting. BDO have been unable to confirm whether Union Members were aware of the specific changes being made to the Regulations, as it is understood that Union Members were only provided with a copy of the final Regulations".	<p>The UQU undertakes to review all of the Union's existing communications practices with members, including e-newsletters, flyers, annual reports, General Meetings, and opportunities for questions to be directed to office-bearers, in order to support and enhance effective communication and transparency as an integral part of how the UQU undertakes its daily activities.</p> <p>We are pleased to have the opportunity to make the activities of the UQU more widely available, and are taking steps to ensure that official documents are now widely available publicly, not only on the official student noticeboard, but also online at all times. We are mindful that this will also be fairer and of more benefit to part-time and external students who have family or work commitments that preclude their regular attendance on campus, but nonetheless wish to remain apprised of the activities of the UQU.</p> <p>We welcome anything that will encourage more students to get actively involved in the processes of the UQU that we earnestly believe form such an important part of campus life. It is the Union's view that the more widespread the publication of material is relating to the UQU's operations, activities and elections, the better.</p> <p>We recognise that while often only a limited number of copies of minutes and notices have been printed in the past, this has primarily been due to our commitment to</p>

			<p>reducing our environmental footprint as well as the uncertainty as to how many members may be in attendance. However, we accept that using technology enables the UQU to enhance transparency further and make the availability of official Union documentation and records more accessible, and are committed to implementing such an approach, as well as ensuring that more copies of documentation are readily available to all attendees at UQU meetings.</p> <p>Further, where the meeting agenda includes any proposed changes to regulations, a copy of those regulations in marked up mode clearly indicating the proposed additions and deletions, will be made available both electronically and in printed form as an attachment to the formal agenda.</p>
19.	Publication of the UQU Constitution.	The auditors did not make any specific findings or recommendations in relation to this matter.	The UQU Executive has already made a copy of the current Constitution available on its website, and undertakes to maintain the availability of an up to date copy on the official website at all times which will have the effect of increasing transparency compared to past practices.
20.	Publication of the UQU Regulations.	The auditors did not make any specific findings or recommendations in relation to this matter.	The UQU Executive has already made a copy of the current Regulations available on its website, and undertakes to maintain the availability of an up to date copy on the official website at all times which will have the effect of increasing transparency compared to past practices.
21.	Publication of the Minutes of each General Meeting of the UQ Union and UQU Council.	The auditors did not make any specific findings or recommendations in relation to	Noting that the minutes will only be draft minutes until ratified, the UQU undertakes to have ratified minutes published within 7 days of a General Meeting occurring.

		this matter.	<p>This significantly increases the timeliness within which such information is publicly disclosed and available to all members of the Union.</p> <p>The UQU Executive has already taken steps to make a copy of the Minutes of previous Council and General Meetings available to all students on its website, and undertakes to maintain the availability of an up to date copy on the official website at all times which will have the effect of increasing transparency compared to past practices.</p>
22.	Annual Report on UQU's operations	The auditors did not make any findings or recommendations in relation to this matter.	<p>The Union believes that the accountability of office-bearers to its members and the transparency of the UQU's operations would be enhanced by publishing an Annual Report each year that will be presented by the outgoing administration at Annual Meetings, and undertakes to commence this practice beginning in 2013.</p> <p>Further, the Union undertakes to make a copy of the most recent Annual Report available to all students on its website. We believe this will have the effect of increasing transparency compared to past practices of previous administrations.</p>
23.	Documentation available on the University's website	The auditors did not make any findings or recommendations in relation to this matter.	The Union will also make electronic copies of each of the above regulations and other governance documentation available to the University's nominated officer, to be uploaded and made available on the University's own official website, in order to reach the broadest possible audience who may have an interest in the operations and governance of the UQU.

	Reporting on implementation of the Action Plan to members and the University		
24.	Reporting to the University and Union members on the implementation of the Action Plan.	The auditors did not make any findings or recommendations in relation to this matter.	<p>The Union will undertake to report to the University and our members on the achievement of these commitments through 2013 as they are progressively implemented.</p> <p>A report on the progress with implementation measured against this Action Plan will be provided to the University by 1 July 2013, to which report we will seek any comment and input from the University, prior to the commencement of second semester.</p> <p>The final report will be made widely available to members, including on the UQU's website and tabled at a Union Council Meeting.</p>



THE UNIVERSITY OF QUEENSLAND

Agreed upon procedures engagement
of the Union's accounts and records

Summary of findings

10 April 2013

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1.0 INTRODUCTION

- 1.1 BDO (QLD) Pty Ltd ('BDO') has been engaged by the University of Queensland ('UQ') to undertake an investigation into allegations raised against the University of Queensland Student Union ('the Union' or 'UQU').
- 1.2 BDO were engaged by UQ to investigate allegations made against the Union which included:

Table 1.1: Allegations subject to investigation

Allegation	Comments
Changing of records and disposing of documents	UQ received an allegation that Union records have been changed and documents disposed of.
Inappropriate use of funds	UQ received allegations of inappropriate use of funds by the Union.

- 1.3 UQ requested our investigation focus on the following matters:
- The record of changes (and procedures relating to changes) of the Union's Constitution and Regulations over the last 12 months;
 - An analysis of the use of funds, and funds generated from use of UQ resources, provided to the Union by the UQ under a Funding and Services Agreement ('FSA');
 - An analysis of those funds with respect to the Student Services and Amenities Fee (SSAF) Guidelines. The SSAF is paid by students and now the most significant part of funding via UQ to the Union; and
 - An analysis of funds and/or support given to electoral groups.

1.4 Summary of work performed

- 1.4.1 To complete our limited scope agreed upon procedures, the work we agreed to complete included the following:
- Review of Amendments to the Union Regulations ('Regulations') passed on 25 March 2011 and 10 August 2012;
 - Review of the UQU Constitution and Regulations;
 - Detailed testing of a sample of 66% of expenses by transaction number and a sample of 78% of expenses by dollar value allocated to the Grant funding in the accounts of UQU for the period from 1 January 2012 to 7 September 2012;
 - Review of the Funding and Services Agreement ('FSA') between UQ and UQU;
 - Review of the Student Services and Amenities Fee ('SSAF') Guidelines;
 - An analysis of the allocation of expenses for the period 1 January 2012 to 7 September 2012;
 - Discussions with the financial controller of the Union relating to the systems and processes utilised to manage the accounts of the Union;
 - Our work does not constitute a review or audit in accordance with the Accounting and/or auditing standards;

- Our engagement procedures and work conducted did not include a fraud review or investigation. However, during our work nothing came to our attention that led us to believe there were irregularities relating to fraud; and
- We have considered the matters requested of us from a commercial and financial perspective. We have not provided any legal advice as part of this engagement and we recommend that UQ obtain their own legal advice in relation to any findings set out in this Report.

1.5 This report ('this Report') sets out a summary of our work completed and our findings only. Our detailed reports have been provided to UQ for their exclusive use only.

2.0 BACKGROUND - UQU CONSTITUTION, FSA AND THE SSAF GUIDELINES

2.1 The UQU Constitution and Regulations

- 2.1.1 This section sets out a high level summary of certain sections of the UQU Constitution and Regulations. This summary is not intended to be a comprehensive summary of all sections, it is intended to provide background information only.
- 2.1.2 The Constitution (undated) was downloaded by BDO from the Union website¹ on 5 September 2012. A copy of the Constitution is attached as Appendix 1.
- 2.1.3 The Regulations dated 10 August 2012 ('Current Regulations') were downloaded by BDO from the Union website² on 5 September 2012. A copy of the Current Regulations is attached as Appendix 2.
- 2.1.4 The Union provided a copy of the Regulations dated 25 March 2011 ('Previous Regulations') to BDO on 6 September 2012. A copy of the Previous Regulations is attached as Appendix 3.

2.1.5 Amendments to the Constitution

- 2.1.6 Amendments to the Constitution must be undertaken in accordance with Section 'C54 Alteration of Constitution' which states:

"This Constitution, including this clause may only be amended by Referenda in accordance with C10.1(d).

An amendment to this Constitution is deemed to have come into effect at the time the resolution was passed unless the resolution provides otherwise."

2.1.7 Amendments to Regulations

- 2.1.8 Amendments to the Regulations must be undertaken in accordance with Section 'C55 Regulations' which states:

"Union Council may make or amend Regulations to give effect to this Constitution by resolution of Union Council provided that:

- a) at least five clear days' notice of:*
 - i) the meeting; and*
 - ii) the motion proposing the amendment;*
 - iii) has been given to all members of Union Council; and*
- b) the resolution is passed by a two-thirds majority."*

2.1.9 Monthly meetings

- 2.1.10 Section 20.1 of the Constitution states that:

"Union Council must meet at least every month from February to November inclusive."

¹ http://www.uqu.com.au/filelib/Current_UQU_Constitution.pdf

² http://www.uqu.com.au/filelib/Current_Regulations.pdf

2.1.11 Other Relevant sections of the Constitution

2.1.12 Other relevant sections of the Constitution which we refer to in our Report include Section 2.2, 2.3 and 33.1 of the Constitution states:

"The Union shall not affiliate with or subscribe to the platforms of:

- a) any political party or religious organisation; or*
- b) any person, organisation or body corporate that affiliates with or provides funds to any political party or religious organisation."*

"The Union shall not provide funds to any political party or religious organisation."

"Officers must not improperly use their position:

- a) to gain, directly or indirectly, an advantage for the Officer or another person; or*
- b) so as to cause detriment to the Union"*

2.2 Specific Grant Provisions in Relation to Grant Expenditure

2.2.1 This section sets out a summary of the relevant provisions of the SSAF Guidelines and FSA in relation to approved Grant expenditure.

2.2.2 A copy of the SSAF Guidelines and FSA is attached as Appendix 4 and 5 respectively.

2.2.3 Section 19-38 the SSAF Guidelines states the following in relation to SSA fee expenditure:

- (2) *"If a higher education provider pays a person or organisation an amount paid to the provider as a *student services and amenities fee, the provider must make the payment on the condition that none of the payment is to be spent by the person or organisation to support:*
 - (a) a political party; or*
 - (b) the election of a person as a member of:*
 - (i) the legislature of the Commonwealth, a State or a Territory; or*
 - (ii) a local government body.*
- (3) *A higher education provider must not spend, for a purpose other than that specified in subsection (4), an amount paid to the provider as a *student services and amenities fee.*
- (4) *Subsection (3) does not prohibit expenditure for a purpose that relates to the provision of any of the following services:*
 - (a) providing food or drink to students on a campus of the higher education provider;*
 - (b) supporting a sporting or other recreational activity by students;*
 - (c) supporting the administration of a club most of whose members are students;*
 - (d) caring for children of students;*
 - (e) providing legal services to students;*
 - (f) promoting the health or welfare of students;*
 - (g) helping students secure accommodation;*
 - (h) helping students obtain employment or advice on careers;*
 - (i) helping students with their financial affairs;*
 - (j) helping students obtain insurance against personal accidents;*
 - (k) supporting debating by students;*
 - (l) providing libraries and reading rooms (other than those provided for academic purposes) for students;*

- (m) *supporting an artistic activity by students;*
- (n) *supporting the production and dissemination to students of media whose content is provided by students;*
- (o) *helping students develop skills for study, by means other than undertaking *courses of study in which they are enrolled;*
- (p) *advising on matters arising under the higher education provider's rules (however described);*
- (q) *advocating students' interests in matters arising under the higher education provider's rules (however described);*
- (r) *giving students information to help them in their orientation;*
- (s) *helping meet the specific needs of *overseas students relating to their welfare, accommodation and employment."*

2.2.4 The FSA states the following in relation to Grant expenditure:

- At Schedule 2, Part A, the FSA specifies that UQ Union must implement each Approved Operating Plan and Budget in accordance with its terms, and must not change the scope or standard of Student Services to be delivered except by negotiation with the University. Student Services are defined to include the following:
 - (1) *"Provide a representative body for elected Student representatives to represent Student interests with UQ including on University Boards and Committees;*
 - (2) *Provide information on how Students can access health and welfare services;*
 - (3) *Provide access to advocacy services in relation to matters arising under the academic and procedural rules and regulations of UQ for example (but not limited to), examination arrangements and conditions, issues of harassment and discrimination;*
 - (4) *Provide Student orientation programs and supporting resources;*
 - (5) *Provide access to free legal services that may include advise on IP concerns, simple wills and powers of attorney, minor criminal and civil disputes, discipline appeals and residential tenancy agreements;*
 - (6) *Joint responsibility with UQ for the day to day operating costs of the bus St Lucia Campus Safety Bus service;*
 - (7) *Provide Student welfare services including crisis and personal support, assistance with accessing and maintaining benefits from Centrelink, Austudy, Youth Allowance and the like...*
 - (8) *Support for recreational and cultural activities through clubs and societies;*
 - (9) *Support Student recreational and cultural activities through events on campus;*
 - (10) *Establish and maintain office accommodation for provision of Student Services."*
- At Schedule 3 (1), in relation to the Structural Fund expenditure (established by UQ) the FSA states the following:
 - "(1)(i) UQ must establish a fund called the UQ Structural Fund, the object of which is to provide funding for approved projects;*
 - (1)(ii) The Structural Fund's objectives will be to provide funding in support of projects which provide or improve the standard of amenities and services (including facilities) available to UQ*

Students, being amenities and services not of academic nature, and regardless of whether some students choose to use any of those amenities and services;

(1)(iii) The Structural Fund must not provide funding for:

(1) A political party;

(2) The election of a person as a member of:

(a) The legislature of the Commonwealth, a State or a Territory; or

(b) A local government body;

(3) To fund directly or indirectly, the operation of UQU's Business Operations."

- Matters that the Structural fund may cater to are set out at (1)(iv) of Schedule 3 of the FSA.

3.0 ALLEGATION - CHANGING OF RECORDS AND DISPOSING OF DOCUMENTS

3.1.1 Amendments to the Union Regulations ('Regulations') were passed on 25 March 2011 and 10 August 2012. The procedures completed to bring into effect the amendments were reviewed to ensure they were in accordance with the Union Constitution ('Constitution').

3.1.2 Amendments passed on 25 March 2011

3.1.3 Having regard to the information provided, it appears that the amendments passed were made in accordance with the Constitution, subject to the issues noted below.

- Section 55 of the Constitution states that five days' clear notice of a meeting is to be provided to Union Members where there are proposed amendments to Regulations.

While notice was provided at 9.22 pm on the first day, there is no definition in the Constitution or Regulations of a 'day' (i.e. is a 'day' a 24 hour period or at any point during the day).

We recommend legal advice be obtained in relation to the definition of a 'day' under the Constitution and Regulations.

Subject to the definition of a 'day', there is a risk that the Union may not have complied with their Constitution, if it is found five clear days' notice was not provided.

- Section 27.6 of the Constitution states if a recorded vote is called for, the minutes must record the vote. We understand that a recorded vote was not called for.

BDO have been unable to verify if a two-thirds majority was achieved as a voting count was not recorded.

We recommended that confirmation of the votes cast by the voting Members present be obtained, in order to verify whether a two-thirds majority was achieved.

3.1.4 Amendments passed on 10 August 2012

3.1.5 The amendments passed were made in accordance with the Constitution, subject to the issues noted below.

- A number of amendments to the Regulations were passed at the 10 August 2012 meeting. The current Union Secretary ('Union Secretary'), at the time of our work, was asked whether the specific amendments to the Regulations were provided to the Union Members. We were advised that while the new Regulations were made available for Union Members at the meeting, marked or edited changes detailing the specific changes to the Regulations were not provided.

Notwithstanding the above, having regard to the information provided to us, Union Members had the opportunity to direct any queries in relation to the amendments to the Union Secretary before the meeting held on 10 August 2012.

A number of amendments to the Regulations were passed at the 10 August 2012 meeting.

BDO have been unable to confirm whether Union Members were aware of the specific changes being made to the Regulations, as it is understood that Union Members were only provided with a copy of the final Regulations.

- The agenda (and subsequent notice) was provided by mail or placed in “pigeon holes”. Source documentation confirming this was requested by BDO; however, the Union advised that these records were not retained.

BDO have been unable to confirm whether all Union Members received the notice and agenda in relation to the 10 August 2012 meeting.

If UQ considers this to be of concern, an option is to obtain confirmation that required notice was received by the Union Members present at the meeting.

- 3.1.6 Having regard to the information provided to us and the documentation reviewed, there is no evidence to support the allegation that Union records have been changed and documents disposed of.
- 3.1.7 The amendments passed on 25 March 2011 and 10 August 2012 appears to have been made in accordance with the Constitution (with the exception of the issues noted above).
- 3.1.8 All documentation requested by BDO was provided by the Union (with the exception of the issues noted above). BDO has no reason to believe that documents have been withheld, altered or disposed of.
- 3.1.9 Other issues noted - ordinary meetings**
- 3.1.10 Section 20.1 of the Constitution states the Union Council must meet at least every month during February to November. The Union have held three ordinary meetings between 1 March 2011 and 12 September 2012.

As monthly meetings were not held between February and November inclusive, it would appear that the Union has not complied with this section of the Constitution.

4.0 ALLEGATION - INAPPROPRIATE USE OF FUNDS

4.1 As instructed, our engagement has considered the expenditure of the Grant funding received during the 2012 financial year. The period subject to the investigation was 1 January 2012 to 7 September 2012.

4.2 Detailed Testing of Invoices

4.2.1 A summary of the Union invoices allocated against Grant funding and those we selected for review is set out in Table 4.1 below.

Table 4.1: Invoices Selected for Detailed Testing

Description	Transactions	\$
Invoices allocated against Grant funding	524	418,021
<u>Less:</u> Credits included in invoice listing	25	(142,926)
Purchase invoices allocated against Grant funding	499	560,947
Total Grant funding invoices reviewed by BDO	327	439,424
Coverage	66%	78%

4.2.2 As summarised in Table 4.1 above, 66% of transactions and 78% of the total value of purchase invoices allocated against grant funding for the period were selected for review.

4.2.3 Table 4.2 summarises the findings in relation to invoices obtained for those items requested for detailed testing.

Table 4.2: Summary of Findings on Invoices Obtained

Description	Transactions	\$
Invoices selected for review	327	439,424
Invoices obtained and agreed	322	437,096
Invoices requested but not obtained	2	1,986
Invoices requested and statutory declarations provided in lieu of	3	342
Total	327	439,424

We recommend that invoices are received for all expenditure allocated to Grant funding in order to reduce the risk of unsubstantiated expenditure being allocated to Grant funding.

4.2.4 Table 4.3 summarises our findings in relation to the review of invoices obtained against Grant Provisions.

Table 4.3: Summary of Findings - Review of Invoices against Grant Provisions

Description	Transactions	\$
Invoices obtained for review	322	437,096
Statutory declarations obtained	3	342
Invoices not obtained	2	1,986
Total	327	439,424
Expenditure appears to be within Grant Provisions	296	367,834

Description	Transactions	\$
Expenditure containing reference to “Fresh”	14	63,983
Artwork relating to items detailed on the invoices requested and not provided	2	1,550
Expenditure with other findings noted	13	4,071
Total Grant funding invoices reviewed	325	437,438

4.2.5 With reference to Table 4.3 above and other results of our investigation, the following findings or recommendations were made:

- Of the 325 invoices/other supporting documentation received, there were 14 items that related to or contained a reference to “Fresh”. “Fresh” is a registered electoral group under the UQU Regulations.
- Of the 325 invoices/other supporting documentation received, as at the date of this Report we were not provided with the artwork we had requested for 2 items and therefore cannot verify the appropriateness of these items.
- Of the 325 invoices/other supporting documentation received we noted 13 expenditure items with ‘other findings noted’ which do not appear to be within the core purpose of the Grant funding.

4.2.6 Table 4.4 summarises our results of the investigation in relation to expenditure containing a reference to “Fresh”:

Table 4.4: Expenditure containing a reference to “Fresh”

Description	Grant Budget Allocation	Amount (GST Exclusive) \$	Within Approved Expenditure according to FSA and SSAF Guidelines?
1 1,000 Balloons including UQU and Fresh Logos	Campus Culture	404.4	×
2 13,000 Tshirts including UQU and Fresh Logos	Campus Culture	51,162.50	NA (Subsequently reallocated to ‘Student Services Overheads’)
3 3,500 Balloons including Fresh Logos	Clubs & Societies	822.75	NA (Subsequently reimbursed by Union President)
4 Fresh BBQ	Campus Culture	148.38	×
5 Wristbands for Toga Party 2012 containing Fresh Logos	Campus Culture	5,090.91	×
6 Marquees/Banners etc/Canopy Signage containing Fresh Logos	Campus Culture	2,404.27	NA (Subsequently reimbursed by Union President)
7 2000 × Ballpoint Pens/250 Visors containing Fresh Logos	Campus Culture	1,430.00	NA (Subsequently reimbursed by Union President)
8 UQU Generic Flyer × 5000 Containing Fresh Logos	Campus Culture	922.3	×
9 2 Fresh branded flying banners with cross base and 2 Additional Ground Spikes	Campus Culture	536.82	×

	Description	Grant Budget Allocation	Amount (GST Exclusive) \$	Within Approved Expenditure according to FSA and SSAF Guidelines?
10	Custom Woven Wristbands Artwork 'Epic', 'Birdies', 'Fresh'	Campus Culture	16.82	×
11	Part payment of 4000 × Condom Wrappers Artwork on Wrappers "Fresh" and "SHOC"	Gender and Sexuality	326.14	×
12	Part payment of 4000 × Condom Wrappers Artwork on Wrappers "Fresh" and "SHOC"	Gender and Sexuality	46.59	×
13	Fresh Sponsorship Grace College Orientation Week	College Area	600.00	×
14	2 × Giant inflatable palm trees (Palm Trees is the Fresh symbol)	Clubs and Societies	71.82	×
Total			63,983.70	

4.2.7 With reference to Table 4.4 above for the period 1 January 2012 to 7 September 2012, in total we have identified that the Union has spent \$63,983.70 on items which have been disclosed as having a reference to "Fresh". Of the \$63,983.70 expenditure identified as having a reference to "Fresh", as at the date of this Report:

- \$51,162.50 remains allocated to non-grant Union funding and may not be in compliance with the Union Constitution. We recommend legal advice is obtained regarding whether or not this complies with the Union Constitution;
- \$4,657.02 was initially allocated to grant funding in March and June 2012 and subsequently invoiced by the Union to the Union President to be reimbursed in August 2012 and may not be within the terms of the FSA and SSAF Guidelines. We recommend legal advice is obtained regarding whether or not it complies with the FSA and SSAF Guidelines; and
- \$8,164.18 remains allocated to grant funding and may not be within the terms of the FSA and SSAF Guidelines. We recommend legal advice is obtained regarding whether or not this complies with the FSA and SSAF Guidelines.

4.2.8 In relation to Table 4.3, from our work we noted a number of items that potentially fall outside the FSA and SSAF Guidelines provisions. Table 4.5 below summarises these items noted.

Table 4.5: Summary of Other Items Noted

	Grant Budget Allocation	Invoice/Purchase Order Description	Amount (GST Exclusive) \$	Amount (GST Inclusive) \$
1	Executives	Flowers	159.54	175.50
2	Campus Culture	Woman's Flats (Shoes)	10.91	12.00
3	Campus Culture	Friday's Wines Brisbane	227.27	250.00

	Grant Budget Allocation	Invoice/Purchase Order Description	Amount (GST Exclusive) \$	Amount (GST Inclusive) \$
4	Gender and Sexuality	<i>Parking Infringement</i>	50.00	50.00
5	Campus Culture	<i>Parking Penalty Ticket</i>	50.00	50.00
6	Executives	<i>Young LNP Convention - Day Session 1</i>	23.00	25.30
7	Executives	<i>Uni Coop Bookshop (Reference Book)</i>	86.92	95.61
8	Executives	<i>OS Lion v10.7.4 - iTunes</i>	29.08	31.99
9	Executives	<i>Mac OS X 10.6 Snow Leopard</i>	35.45	39.00
10	Postgraduate Students	<i>APS Grant</i>	3,099.50	3,099.50
11	Executives	<i>Sharp Calculator and Investments Concepts Textbook</i>	209.60	230.56
12	Executives	<i>Invoices for 'Product Testing': Tooheys New Schooner, Noodles, Wordsmith Café, Place of Stones:</i>	71.77	78.95
13	Campus Culture	<i>Payless Shoes</i>	18.14	19.95
Total			4,071.18	4,158.36

4.2.9 With reference to Table 4.5 above, we have been advised the following:

- Item 1 and 13 - The flowers were purchased to give to Union staff members on Valentine's Day;
- Item 2 - Closed-in shoes were required for workplace health and safety purposes for Union employees appearing on stage / assisting with organising the Toga party;
- Item 3 - The \$250 bar tab at Friday's was incurred for a Union sponsored inter-club networking event at Friday's wine bar;
- Item 4 and 5 - The parking tickets were incurred by a Union vehicle in the course of setting up a Union function (Toga Party);
- Item 6 - The ticket to the Young LNP convention was for the purpose of attending the event to advocate student issues to relevant youth organisations;
- Item 7 - The reference book was purchased for office use;
- Item 8 - The software was purchased to upgrade an office computer;
- Item 9 - The software was purchased to upgrade an office computer;
- Item 10 - Union sponsorship and reimbursement of a UQ Association of Postgraduate Students event;
- Item 11 - The reference book and calculator was purchased for Union office use; and
- Item 12 - Product testing costs incurred by employees of the Union in line with the Union's aim of monitoring and improving food quality and identifying items to expand the Union's product range.

We recommend that payments to Clubs or Societies are invoiced to the Union directly by the Clubs or Societies under the Clubs or the Societies' name. It is prudent to eliminate payments being made to individual's bank accounts on behalf of the Clubs or Societies.

The broad categories of allowable expenditure set out in Grant provisions make it difficult to determine whether certain types of expenditure are within approved expenditure categories as set out in the FSA and SSAF Guidelines.

We recommend that the FSA be amended to include specific provisions to better define and prohibit expenses of a nature that could potentially be deemed of a personal nature or not within the purpose of the Grant.

4.3 Compliance with FSA and SSAF Guidelines

4.3.1 From our detailed review of expenditure related Grant funding, we note expenditure having a reference to "Fresh". Based on our review of the FSA and SSAF Guidelines, we have not identified any provision which states that expenditure can be made on individual student electoral groups or any items that have a reference to "Fresh". In our view, any expenditure made with a reference to "Fresh" may not be made in accordance with the provisions set out in the FSA and SSAF Guidelines. We recommend legal advice is obtained regarding whether or not it complies with the FSA and SSAF Guidelines.

In our view, the expenditure incurred that has a reference to "Fresh" may not be in accordance with Section 33.1 of the Constitution of the Union and we recommend legal advice is obtained regarding whether or not it complies with the UQU Constitution.

In Table 4.5 we noted expenditure relating to the attendance of the President of the Union at the Young LNP Convention. We recommend that legal advice is obtained to determine whether the Union indirectly "supports a political party" within the meaning of the SSAF Guidelines.

4.4 Summary of Grant Expenditure

4.4.1 We noted from our analysis and high level review of the Grant budget that it is prepared in a way that does not provide transparency to a reviewer of the nature and type of expenses that are allocated to Grant Funding.

We recommend that the Grant budget is prepared according to the specific nature of an expense rather than according to location or broad category. This will provide transparency and accountability of Grant expenditure as well as acting as a high level control over Grant expenditure.

4.4.2 A summary of Grant expenditure by Payee, by General Ledger Coding and by Expense Category was performed in order to provide a high level summary of the types of expenditure allocated to Grant funding.

We recommend that the summaries of Grant expenditure by Payee, General Ledger Coding and Expense Category prepared during our work are reviewed to gain a high level understanding of Grant expenditure. We recommend that anything noted to be outside UQ expectations is further investigated.

4.5 Accounting Processes and Controls

- 4.5.1 Based on our work completed, discussions with management and our experience with controls and processes in organisations of similar nature and size including commercial enterprises and not-for-profit organisations, in our opinion, the controls and processes utilised for the Union's grant expenditure do not appear to be unreasonable to manage key risks.
- 4.5.2 In our opinion, the accounting processes and controls carried out are within the requirements of the FSA and SSAF Guidelines.
- 4.5.3 We noted that the allocation of expenditure to Grant funding appears to be largely driven by the President and Treasurer of the Union who are responsible to initiate the purchase, provide the first level approval and code Grant expenditure. The appropriateness of the allocation of Grant funds therefore relies on the integrity and leadership of the Union executives.

While we understand the Union's financial statements are subject to an annual audit with the auditor being appointed by the Union, we recommend that consideration be given to UQ appointing an independent party to review the Union expenditure on a six monthly or yearly basis to assist with detecting non-compliance with the Act and Constitution, errors and fraud.

To assist with this, we recommend a segregation of duties between the raising of purchase invoices, approval of invoices and allocation of invoices against Grant funding is implemented.

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Report dated 10 April 2013



BDO (QLD) Pty Ltd