



Final report of the financial training audit

The obligation for officers with financial duties to complete financial training has been an education focus for the Registered Organisations Commission (ROC) over the last two years. The education campaign on this topic has been headlined by a voluntary financial training audit.

In October 2019, the ROC issued an [interim report on the financial training audit](#). At the time of publication of the interim report, approximately half of all registered organisations had been approached and invited to participate. In 2020 the ROC finalised consultations with 16 registered organisations. Five audits were not concluded in the requisite time frame due to an administrative error, and these consultations with the relevant registered organisations will be finalised in early 2021.

Purpose of the audit

The audit was undertaken to increase awareness of the obligation for office holders to undertake financial training.



EDUCATION



INCREASE CURRENT
COMPLIANCE RATES



PROMOTE FUTURE
COMPLIANCE

The primary purpose of the financial training audit was to provide education about the training requirement and promote voluntary compliance in registered organisations. Through its active engagement with registered organisations, the ROC was aware of non-compliance with the training requirement. The audit was an opportunity to evaluate the level of non-compliance, identify the causes, and work with organisations to achieve appropriate remediation.



The requirement



Section 293K of the Fair Work (Registered Organisations) Act 2009 (the RO Act) requires every officer of a registered organisation with financial duties to complete approved training within six months of taking office, unless they hold an exemption.

The obligation for officers with financial duties to complete training, and a regime for obtaining an exemption from the training requirement, was added to the RO Act by Parliament in 2016. Before the RO Act was amended, officer financial training was governed under the rules of registered organisations. Since 2017 the training requirement has been a civil penalty provision of the RO Act.

Ensuring officers are properly trained to understand their financial duties is important. The training is designed to support officers with financial decision-making and protect organisations against misconduct. It covers modules about financial governance, the statutory duties of officers and how to read and understand financial statements.



You can read about how the audit was carried out in the ROC's [interim report of the financial training audit 2019](#).

Participants of the voluntary audit

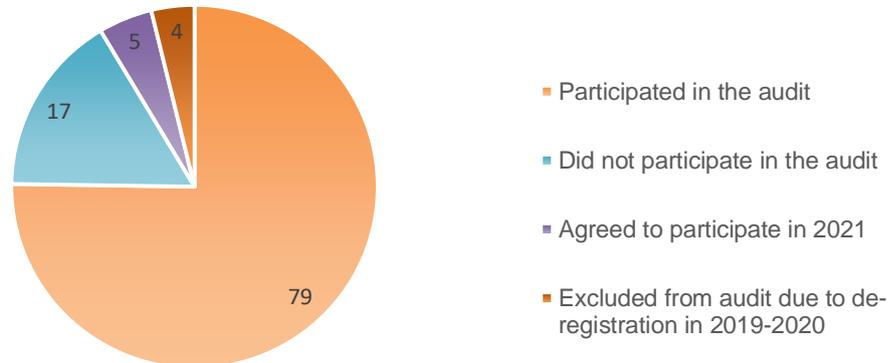
The financial training audit called on registered organisations to volunteer their participation.

Although it was voluntary, and notwithstanding the additional workload of registered organisations during the COVID-19 pandemic, many registered organisations chose to participate in the ROC's audit.

We thank the 79 registered organisations who engaged with us and submitted data for the project, and we look forward to working with five organisations on their audit next year. The information gathered from participating organisations has helped the ROC to better understand compliance rates and the issues around participation in training. It has also helped the ROC to enhance its education resources to assist all registered organisations to comply.



Participation of registered organisations in the financial training audit



Education, advice and assistance for registered organisations

During the project, the ROC provided additional education, assistance and engagement opportunities to registered organisations designed to help them understand the training obligation and to support the intentions of the audit project. Many of our resources were actively informed by the project experience, for example the officer financial training fact sheet and exemption form, which have been updated to explain the common causes for non-compliance that were identified in consultations.



The following resources about officer financial training have been developed during the project:



An online webinar: [Financial training obligation and compliance audit](#)



A presentation about the training requirement and audit project at interstate workshops in 2019 (Sydney, Melbourne, Adelaide, Canberra and Hobart)



An [exemption form](#) to assist organisations to lodge exemption applications with the ROC. This was developed in consultation with the ACTU.



An [online Q and A panel discussion](#) about officer financial training



A [good governance podcast](#) about officer induction, which included information about the financial training requirement



Updates to the [officer financial training fact sheet](#)

Importantly, the education opportunities were made available to all registered organisations and training providers, including registered organisations who did not participate in the audit.

The engagement with registered organisations for our education resources and events are outlined in the table below:

Education resource or event	Engagement
Officer financial training fact sheet	249 downloads (15/11/2018 –15/12/2020)
Financial training obligation and compliance audit webinar	77 downloads (18/1/2019 – 15/12/2020)



Interstate workshops in 2019 (Sydney, Melbourne, Canberra, Adelaide, Hobart)	209 total attendants across the five workshops
Financial training exemption form	192 downloads (18/10/2019 – 15/12/2020)
Online Q and A panel about officer financial training, 25 November 2020	28 live attendants and 14 downloads of recording (as at 15/12/2020)
Good governance in practice: Officer induction podcast released October 2020	57 downloads (29/10/2020 – 15/12/2020)



Did you know the ROC provides advice and assistance to registered organisations?

The ROC can give tailored guidance to organisations about the training requirement and the exemption process upon request.

COVID-19 and officer financial training

The ROC recognised that the COVID-19 pandemic presented a range of challenges for registered organisations, particularly as the focus for unions and employer associations and their peak bodies was on the economic impacts of the pandemic as well as keeping their members safe. The audit participation rate during 2020 was lower than the previous year, and our engagement with registered organisations revealed their shifting priorities during the pandemic was a cause.

At the beginning of the pandemic, in March and April 2020, the ROC received requests for advice and assistance from registered organisations about officer financial training. Organisations advised the ROC that some officers were unable to complete officer financial training within the six month timeframe because they could not attend a training session due to government restrictions on gathering numbers and/or travel.

In response, the ROC worked hard to engage with training providers and peak bodies to improve access to financial training courses for officers with financial duties. This included a quick approval process for many existing providers of approved training to deliver their face-to-face training via video conferencing technology instead.

Between 2019 and 2020 the ROC approved five training packages. As at the date of publication of this report there are 17 approved financial training courses.



Visit the ROC website

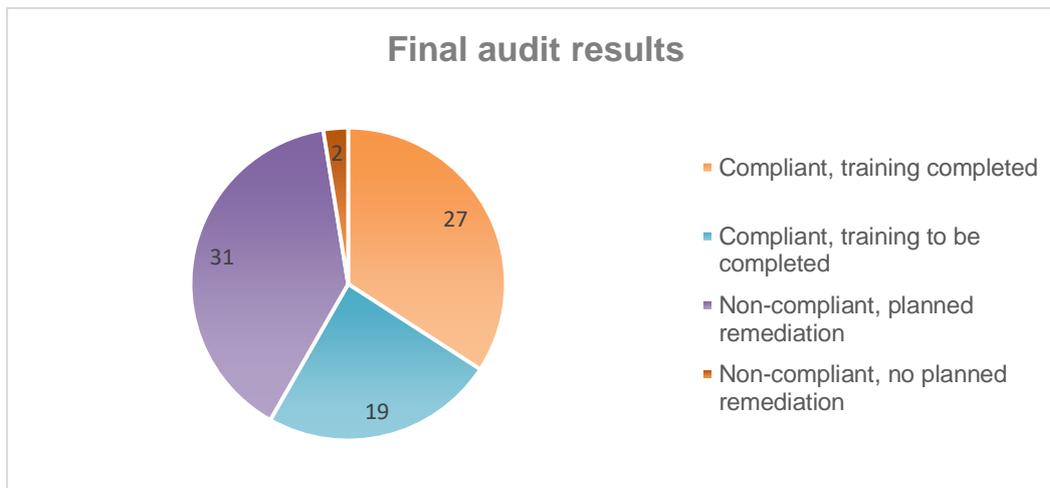
The ROC publishes the [list of approved training packages online](#).

The list includes information about whether the training is delivered face-to-face or online.

The final outcome of the audit

The graph below illustrates the final results of the officer financial training audit, after analysis of the data provided by the 79 participating registered organisations. Just over half of the participating organisations were found to be compliant with s 293K of the RO Act (46 registered organisations, or 58.2%). All of the office holders with financial duties in these organisations had either completed training within six months of taking office or had held office for less than six months and were awaiting training.

33 registered organisations that participated in the audit (41.8%) were non-compliant with s 293K of the RO Act. The vast majority of organisations which were found to be non-compliant agreed to a remediation plan (93.9%).



The audits confirmed that there is non-compliance with s 293K of the RO Act, and as a result the ROC has committed to the following actions:

- Working with registered organisations to remediate non-compliance

Where non-compliance was identified in an audit, most registered organisations demonstrated motivation to comply with their obligations and subsequently agreed to remediation action (refer to the graph above). Remediation actions included applying for training exemptions or arranging for officers to complete approved financial training.

The ROC's intensive education and awareness campaign has been ongoing throughout the two year period of 2019-20, which has presented multiple opportunities for organisations to understand their obligations under s 293K of the RO Act. When future non-compliance with



s 293K of the RO Act is identified, the ROC will take compliance steps in appropriate cases. We will be guided by the ROC's [Compliance and Enforcement Policy](#).

- Continuing to educate registered organisations about the application of s 293K of the RO Act

The voluntary audit revealed a common reason for non-compliance is due to a misunderstanding of the law. In particular, where an officer with financial duties completes approved training and subsequently commences in a different office that also has financial duties. For example, where a member of the committee of management is elected as the Secretary.

In November 2020 the ROC updated its officer financial training factsheet and exemption form to include clear instructions and icons to clarify the requirement.

Example:



If an officer previously held office or is currently an office holder, and they are subsequently elected (or appointed) to a different office, they must do the required training or hold an exemption. If a registered organisation wants to seek an exemption for an officer, the application needs to be submitted with sufficient time for the ROC to respond within the first six months after the officer starts the new office (and undertake training if the exemption is not approved).

Source: Officer financial training exemption form

The ROC will continue to identify opportunities to educate registered organisations to support a culture of voluntary compliance in registered organisations.

Summary

The voluntary financial training audit confirmed there is some non-compliance with the training requirement of the RO Act. To assist registered organisations to comply, the ROC has focussed on improving its existing education resources and providing additional tools where required. The ROC will continue to monitor compliance and will take an appropriate regulatory response in circumstances where non-compliance is identified. We will also finalise the five outstanding audits in early 2021.

If you have any questions about this project, or the financial training obligation of officers of registered organisations you can send an email to regorgs@roc.gov.au, or call us on 1300 341 665.