



RO POD episode 47 – Governance training and training exemptions

Speaker Key

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MJ Hello, and welcome to RO Pod. My name is Mihiri Jayawardane and I'm the Financial Reporting Advisor with the Registered Organisations Governance and Advice Branch here at the Commission. I'm joined today by Joanne Fenwick who is our Financial Reporting Specialist.



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Today we'll be discussing the requirement under the *Fair Work (Registered Organisations) Act* – or the RO Act for short – for all officers whose duties relate to financial management to undertake approved financial training within six months of taking office, or to obtain an exemption.

JF Thank you, Mihiri! It's great to be here!



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MJ Ensuring officers are properly trained to understand their financial duties is important. It helps to support officers with financial decision-making and protect organisations against misconduct. Joanne, can you provide some background about this requirement for officers?

JF Sure Mihiri. In 2012, each registered organisation had to amend their rulebooks to include a rule requiring that officers with financial duties undertake a financial training course within 6 months of commencing in an office. The financial training course had to be one that had been approved by the General Manager of the Fair Work Commission. Then in May 2017, the obligation to undertake approved training was included within the RO Act via section and for the first time, the ability to seek an exemption from this requirement was also included in the RO Act. Previously, an officer of an organisation or branch did not have the ability to seek an exemption.



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MJ Ok, thanks Joanne. Can we talk about what is covered in the approved financial training? I'm assuming it would cover topics about financial management.

JF That's right Mihiri. The training will cover topics about financial management such as the financial reporting obligations under the RO Act, financial processes including budgets, assets and liabilities, financial policies and procedures and understanding financial statements. This also extends to record keeping, members' access to financial reports and information, as well as the role of registered auditor. However it will also cover other governance requirements.

MJ Ok, so can you further explain what other topics are covered?

JF Sure Mihiri. Participants will learn about how the RO Act governs registered organisations, the legal requirements under the RO Act that registered organisations must comply with, disclosure obligations



and what registered organisations need to lodge with the Commission. But there is also a focus on the importance of good governance in registered organisations, officer’s duties and obligations, managing conflicts of interest and what officers need to watch out for and when to be concerned.



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MJ The training is quite comprehensive. Staff in our Branch review any training packages that have been prepared to ensure that it covers all the items that officers in registered organisations will need to know. When the final material is reviewed, it is sent to the General Manager for formal approval. We list the approved training providers on our website so that registered organisations can be assured they are undertaking training that meets the requirements of the RO Act.

There are a number of approved training packages, and these include face to face options and online.

One of the questions we get asked a lot is “which officers need to do financial training?” Joanne, can you explain who is considered an officer with financial management duties?



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JF Certainly Mihiri, and it is a really good question. People often think that the term financial management duties only extends to offices such as the Treasurer or the Secretary. But it is much broader than that.

A good place to start in determining whether an office has financial duties is your organisation’s rules. It’s important to understand that it’s not the people, but the office itself that has the responsibility for the duties. This doesn’t change from election to election, so once you have a handle on the offices with the duties, you’ll know who needs training going forward.

Examples of financial duties can include:

- The ability of an officer or a group of officers to enter into contracts
- Authorisation of spending
- Purchasing or disposing of property
- Incurring liabilities on behalf of the organisation or branch



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- Setting the remuneration of officeholders.

So, if an officer in your organisation has one or more of these duties, they'll need to undertake approved training within six months of taking office or get an exemption if they're eligible.



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MJ A useful tip is that all members of the Committee of Management have financial duties – regardless of whether they are in paid or voluntary roles. This is because they approve the financial reports and other expenses such as any loan, grant or donation that exceeds \$1,000. But again, it is worth reiterating to check your organisation's rules to determine which other office have financial duties.

Joanne you just mentioned that people can get exemptions from having to undertake financial governance training. Who is eligible for an exemption?

JF The General Manager of the Commission may grant an exemption from the requirement to undertake financial training in certain circumstances. This is under section 293M of the RO Act.

An exemption may be granted if the General Manager is satisfied the officer has a proper understanding of their financial duties because of either their experience as a company director, their experience as an officer of a registered organisation, or other relevant professional qualifications and experience.

The exemption application needs to clearly show how the officer's experience and/or qualifications are relevant to their financial duties.



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MJ Okay, so let's go through some of the most common scenarios that people often ask us about and whether they need to undertake the training or not.

Let's say I'm the re-elected Vice President of a branch of a union and I have already done the training when I first took office. Can I apply for an exemption?

JF You actually won't need to do more training if you've been re-elected to the same office, and you also do not need to apply for an exemption.



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MJ Ok, so what if I'm elected to another office after I undertook approved financial training in the previous office? Say I was previously a Committee of Management member and I've now been elected as Treasurer.

JF In this scenario, you must do new training or apply for an exemption. This is because the RO Act specifies that training must be undertaken when the officer begins to hold the office. It's about the office not the officer. Remember each office may have substantial differences in their duties.

Now whether an exemption will be granted depends on a number of factors, such as how long it's been since you have completed an approved training course and if you have undertaken an internal induction process for this new role.



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MJ So for example, I've been an officer for a number of years, and I actually completed the training when this requirement first came in back in 2013. Would that be considered too long ago to seek an exemption?

JF We see this situation quite a lot. In 2017, the RO Act had significant changes and things like the registration of auditors, whistle-blower provisions, officer and related party disclosure statements, a new reporting obligation within the financial reports of organisations and branch's and the requirement for approved training were included. Existing approved training packages were updated to include these changes. The applicant would need to demonstrate that they have undertaken additional training to educate themselves about these changes to the RO Act otherwise their application of an exemption may not be granted.

MJ What if I have experience as a company director and I'm elected to a Committee of Management? I'm used to seeing financial reports and authorising expenditure and have a sound understanding of my officer's duties. Is this transferrable to a registered organisation, and can I be granted an exemption from undertaking the training?



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JF Again, there are some other factors that need to be considered here and should be in your application. As discussed earlier, this governance training is unique to registered organisations and covers various obligations and responsibilities under the RO Act, not just understanding a financial report. We would need to see evidence that the person looking for an exemption has an understanding of the requirements for a registered organisation under the RO Act, including officer duties and other reporting requirements.

MJ So how could they demonstrate that?

JF A great way is to provide evidence that they have undertaken an officer induction program. We see an officer induction program as an important governance initiative within organisations and branches to welcome officers to the organisation, introduce them to the organisation's compliance culture and equip them with the tools and information they need to understand their roles.

You can think of an officer induction like an induction for employees of a company. The individual may never have been an officer in a registered organisation before or may have recently been elected or appointed to a new office with a greater level of responsibility. New officers are often unfamiliar with the way things are done in the organisation. So, the start of their term of office is an ideal time to educate them about your policies, procedures, expectations and of course the obligations under the RO Act.



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MJ If you'd like to find out more about new officer induction programs, you can go back and listen to episode 44 of ROpod "new officer essentials". We also have a range of resources on our website, including a new officer induction kit, fact sheets and a guide to good governance for people who are new to the topic, or are looking for more insights or a refresher.

Going back to the exemption process, we have an exemption application form on our website that helps guide you through the information you need to include. Organisations or branches of organisations can apply on behalf of an officer.



Sometimes an organisation or branch may need to lodge multiple exemption applications at the same time. For example, after an election. What should organisations do in that situation, Joanne?



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JF If an organisation or branch would like to apply for exemptions for multiple officers, we encourage them to contact the Commission before completing the exemption form. It's actually not an unusual request, and we have developed a process to enable organisations and branches to provide the required information in a streamlined way.

A recent example came from the restructuring of a division within a large organisation which resulted in more than 50 exemption requests. The Commission worked with the organisation to ensure that the exemptions could be lodged and processed in the most efficient and timely way possible.

MJ We are always happy to assist organisations and branches. We encourage anyone with questions about governance training to contact us on 1300 341 665 between 9am and 5pm Monday to Friday – or email us at regorgs@fwc.gov.au.

JF I'd just like to add that financial training refreshers can also be offered to officers in organisations. We know some organisations have their officers take the financial training on a regular basis as a refresher of their obligations and to learn about any changes in the law. While this isn't mandatory, it's good practice. So, for example, if you have officers who have held the same office for more than two years they could be good candidates for a refresher.



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MJ Before we go Joanne, are there any other issues that organisations and branch should consider when undertaking approved training or seeking an exemption?

JF At the start of this podcast, I discussed that the requirement to undertake approved training was initially included in the rules of each organisation and at that stage the ability to seek an exemption was unavailable. A number of organisations still have the requirement to undertake approved training in their rule books.



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This may cause some issues when an officer is seeking an exemption under section 293M. So, for example, if the exemption is granted, under the organisation's rules the officer is still required to complete approved training within six months of beginning to hold that office. The officer could be in breach of their rules by not undertaking the training. I would recommend to all organisation to review their rule books, and if this obligation is still there, to talk to the Commission about having this removed.



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- MJ** That's a fantastic tip. Thank you Joanne, this has been a great discussion!
- JF** Thanks Mihiri, it was my pleasure.
- MJ** Don't forget to join us time for the next instalment of ROpod where we'll discuss a hot topic for registered organisations and their compliance.
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