



Uniting Church in Australia
ASSEMBLY
Assembly Standing Committee

21 – 23 July 2023

DOCUMENT 7

Title	Assembly Finance Audit and Risk Committee (AFARC) Report to Assembly Standing Committee
Type of Paper	For Decision For Noting
Assembly or ASC Minute	Regulation 3.7.5.2
Consultation	AFARC Assembly General Secretary Assembly Associate General Secretary Assembly Agencies National Director, Strategic Finance and Administration
Purpose	To provide information and assurance to the ASC with respect to the management of finance, audit, and risk issues across the Assembly.
Rationale & Findings Summary	<p>The Committee continues to follow an annual work plan that ensures all matters within its mandate are addressed and reviewed on a regular and rolling basis.</p> <p>The attached Report (and Appendices) reviews, in some depth, a range of matters including:</p> <ul style="list-style-type: none">• the National Assembly's current financial position (Year To Date – YTD - Results for the ten months to end April 2023);• Full Year forecasts (including forecasts for the months of May and June 2023);• Budgets for 2023/24 (for approval);• Provisioning for claims; and• several other relevant matters specific to the National Assembly's financial position and related matters relevant to the Committee's mandate. <p>At this stage:</p> <ul style="list-style-type: none">• strong investment returns and some significant receipt of bequests in the 2nd half of the financial year, indicate that the collective National Assembly and Agencies and Entities are expected to complete the year in a satisfactory position;• Budgetary challenges continue into 2023/24; and• Provisioning for claims remains the largest single expense item warranting ongoing focus. <p>These are all addressed further below. Other matters are also discussed, revealing the breadth of matters addressed by the Committee as it fulfills its Charter.</p>

Attachments	<p>Financial Overview and Review of AFARC Operations.</p> <p>With Appendices:</p> <ul style="list-style-type: none"> • A: Commonly Used Acronyms • B: Financial Status Reports YTD to April 2023 • C: Statement of Available Funds as of April 2023 • D: Budgets for 2023/24
Proposals	<p>That the Assembly Standing Committee:</p> <ol style="list-style-type: none"> 1. Approve the 2023/24 Budgets for the Assembly and its Agencies and Entities as submitted; and 2. Receive the report.
Submitted by	<p>Stuart Woodward, Chair, Assembly Finance, Audit and Risk Committee</p> <p>stuartwoodward202@gmail.com 0414 886 346</p> <p>and</p> <p>Leo Iosifidis National Director, Strategic Finance and Administration Assembly Support Unit</p> <p>Leoi@nat.uca.org.au 0427 546 100</p> <p>16th June 2023</p>

ASSEMBLY FINANCE, AUDIT AND RISK COMMITTEE (AFARC) REPORT - FINANCIAL OVERVIEW AND REVIEW OF AFARC OPERATIONS

1. Year To Date 30 April 2023 Results (10 months YTD) for the 2022/23 Financial Year – Management Accounts

This financial summary is split up into two sections being:

- National Assembly or Assembly Secretariat – “ASM” (on its own); and
- National Assembly and its Agencies and entities (consolidated financials).

This report is split into two sections to allow for the ASC to firstly focus on the National Assembly itself and in some depth, with a focus on General Funds performance, before looking at the wider consolidated National Assembly and its Agencies and Entities position, noting that the Agencies are under the purview of their own Boards operating under their respective mandates as provided by the ASC. A focus on the former (National Assembly only) is valuable, as it is this entity that is really under the “control” of the ASC.

National Assembly – General Funds

ASM General Funds - Profit & Loss 30 Apr 2023

	Month to Date				Year to Date				Comments
	ASM				ASM				
	Actual	Budget	Var	%Var	Actual	Budget	Var	%Var	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	
Income									
Grants	0.0	0.0	0.0		0.0	0.0	0.0		
Contributions	236.7	246.8	(10.1)	(4.1)%	2,427.8	2,468.3	(40.6)	(1.6)%	WA Synod \$10K per month less from Jan 23
Donations & Bequests	0.0	0.0	0.0		5.0	0.0	5.0		
Fees for Services	12.7	12.7	0.0	0.0%	127.4	127.4	0.0	0.0%	
Investment Income	13.3	23.5	(10.2)	(43.4)%	116.8	72.5	44.2	61.0%	Interest earnt plus quarterly distributions
Other Income	3.9	6.7	(2.9)	(42.5)%	990.6	1,387.1	(396.5)	(28.6)%	YTD lower than budgetdue to lower net proceeds on the sale of the Penshurst
Total Income	266.6	289.8	(23.2)	-8%	3,667.6	4,055.4	(387.8)	-10%	
Expenses									
Staff Expenses	136.7	149.0	12.2	8.2%	1,439.0	1,489.5	50.5	3.4%	
Office Occupancy	10.6	11.0	0.4	3.4%	114.4	110.0	(4.3)	(3.9)%	
Professional & Consultancy Fees	(14.0)	3.6	17.6	486.8%	42.9	36.3	(6.6)	(18.3)%	MTD - Prior period correction (some Frontier Services fees plus other journal
IT, Finance and HR Support	26.2	13.0	(13.2)	(101.1)%	187.3	147.0	(40.3)	(27.4)%	MTD \$9k Totoria fee re Uniting Learning (to review for recharging to Synods)
Advertising & Promotions	2.5	1.1	(1.4)	(122.3)%	4.8	11.4	6.6	57.9%	
Grants Expenses	45.6	37.8	(7.7)	(20.4)%	420.8	436.8	16.0	3.7%	
Communications	7.2	3.4	(3.8)	(110.7)%	32.2	34.4	2.2	6.3%	
Travel Domestic	20.9	8.3	(12.6)	(152.4)%	107.7	67.4	(40.2)	(59.7)%	Activity levels continue to increase as Covid impact reduces
Travel Overseas	2.1	1.9	(0.2)	(8.7)%	11.7	19.2	7.4	38.8%	
Claim Expenses	0.0	0.0	0.0		0.0	0.0	0.0		Nil YTD - however do expect some year end adjustments
Other Expenses	14.2	13.0	(1.2)	(9.0)%	111.5	132.3	20.8	15.7%	
Depreciation & Insurance	12.1	10.8	(1.3)	(12.0)%	87.2	107.9	20.7	19.2%	
Total Expenses	264.2	253.1	(11.1)	-4%	2,559.4	2,592.1	32.7	1%	
Transfers	0.0	0.0	0.0		0.0	0.0	0.0		
Profit/(Loss) before Investment Capital Growth	2.4	36.8	(34.4)	-93%	1,108.2	1,463.3	(355.1)	-24%	
Investment Capital Growth	13.9	0.0	13.9		32.3	0.0	32.3		Mark to market valuation of investments held
Profit/(Loss)	(11.5)	36.8	(48.3)	-131%	1,140.5	1,463.3	(322.8)	-22%	

As of April 2023, the National Assembly's General Funds underlying performance (Year to Date – YTD - April 2023) is tracking under budget, primarily due to the lower than budgeted net proceeds from the sale of the Peshurst Manse, with operating expenses materially at or in line with budget. The YTD April 2023 General Funds result of \$1,140.5k surplus has moved to reduce the net deficit of assets for the Assembly to **(\$418.7k)**.

Analysis of the Assembly's General Funds Reserves are also included below in the Balance Sheet Analysis section as well as the Net Available Funds Calculation at [Appendix C](#).

National Assembly and its Agencies and Entities

At the consolidated level (i.e. ASM, Agencies and Entities), included below are two summary tables: - the General Funds Table and the All Funds Table. The important distinction here is that "All Funds" is inclusive of all funds held by the Assembly and its Agencies, irrespective of any encumbrances or limitations that may exist over any of these funds, whilst General Funds are those funds considered unencumbered and available for the Assembly and its Agencies to use, or reserve, for purposes that their governing committees may designate. General Funds is the more useful focus area. (As noted in previous reports to ASC, a focus on "General Funds" as opposed to "All Funds" is more relevant and appropriate given that "All Funds" includes a range of designated or specific funds that are essentially tied to a specific purpose and effectively represent both inflows and offsetting outflows. A focus on "General Funds" enables a truer financial position to be ascertained of the Assembly and its Agencies' financial position.)

General Funds

For the Year-to-Date 30 April 2023, consolidated **General Funds** financial results are as follows:

Consolidated - General Fund \$'000			
	Full Year 30 April 2023 Actual \$'000	Full Year 30 April 2023 Budget \$'000	Actual to Budget Variance \$'000
Revenue	12,570.7	12,462.3	108.4
Less Expenses	10,484.5	11,664.2	1,179.7
Net Surplus/(Deficiency)	2,086.2	798.1	1,288.1

All Funds

For the Year-to-Date 30 April 2023, consolidated **All Funds** financial results are as follows:

Consolidated - All Fund \$'000			
	Full Year 30 April 2023 Actual \$'000	Full Year 30 April 2023 Budget \$'000	Actual to Budget Variance \$'000
Revenue	17,127.7	16,680.9	446.8
Less Expenses	14,509.2	16,987.1	2,477.9
Net Surplus/(Deficiency)	2,618.5	(306.2)	2,924.7

Further detail can be found in Appendix B.

Some key items to note when reviewing the results to the end of April 2023 are covered below. (Commentary below is made mainly in reference to the Appendix B table - All Funds Level.)

Revenues

Sale of the Penshurst Manse

Settlement, and receipt of the proceeds of sale, occurred in October 2022 and the profit on sale of approximately \$860k was brought to account in the month of October 2022. As previously noted to ASC, we had originally anticipated a profit of approximately \$1.2M, with a sale price closer to \$1.8M in a buoyant market. (However, the final sale price of \$1.53M, in a rapidly softening market as interest rates rose, less sales commission, repairs, preparing the property for sale, and other costs, yielded a net profit of “only” \$860k when compared with the written down historical purchase price.) In considering the above, it is important to note that the independent valuation of this property as of November 2020 was \$1.2M, so the result is still pleasing in this respect.

Investment Markets

Investment markets, at the date of this report, have proved somewhat resilient in face of interest rate rises from May 2022 to June 2023. This is important in that interest rate increases have had a positive effect on the returns on funds held at bank and in term deposits. Noting the above, we have seen an investment income return YTD of \$1.918M (including marking investments to market) vs a budget of \$721K. This is set out in the table below.

Investment Income	YTD Actual	YTD Budget	Variance
	\$000's	\$000's	\$000's
Interest & Distributions	627.5	658.5	(31.0)
Rent Received	73.0	62.0	11.0
Mark to Market	1,217.2	-	1,217.2
Total	1,917.7	720.5	1,197.2

Note: we budget for Interest, Distributions and Rent – we do not budget for “mark to market” changes as although we generally expect and assess investment performance expecting capital growth, there is an acknowledgement this is difficult to budget for as capital values / asset prices can fluctuate significantly either negatively or positively during the year.

Fundraising Income

One of the key components of income is Fundraising Income which at YTD April 2023 is at \$5.9M Actual vs a Budget of \$5.4M – being 9% above budget at Consolidated All Funds level. When reviewing this number some context to note includes:

- **Bequest Income \$2.7M Actual vs \$1.2M Budget** - Fundraising Income had been tracking under budget for the first half of the year until the receipt of some significant Bequests by both UnitingWorld and Frontier Services in February / March 2023. (Frontier Services \$1.5M and UnitingWorld \$600k.)
- **Donations Income \$3.2M Actual vs \$4.2M Budget** – This continues to be an area of concern; however, we are expecting a traditional strong finish to the year with the end of year tax appeals to come through

June 2023. There is some thought that the continual interest rate increasing environment has taken some capacity out of some donors but appreciate that there could be other donors with increased investment income supporting an increasing capacity to support the work of the Agencies.

Synod Grants

Synod Grants have been received in line with budget for the first half of the year, however as previously noted (last ASC), the WA Synod as of January 2023 reduced its annual grant contribution to the Assembly from \$236K per annum to \$100K (with a note that if their situation allowed, they would look to top up the reduced amount). This annual \$136K reduction will have the impact of a reduction of \$68K in the current 2022/23 financial year.

UnitingCare Australia Levies

UnitingCare Australia's YTD result has been impacted by both Uniting Qld and Uniting NSW.ACT reducing their annual levy contribution to UnitingCare Australia by \$250K (\$500K in total for both entities). This explains the bulk of the shortfall in levies vs budget included in Appendix B at the contributions line (\$4.8M vs \$5.5M). In preparing its 2023/24 budget UnitingCare worked to address its cost base to reflect these expected reduction of income levels continuing for the 2023/24 financial year.

Expenses

Staff Expenses

Staff expenses are approximately \$1M under budget on a budget of \$7.2M (approximately 14% under budget). This is reflective of both the time taken to fill vacancies as well as some strong budget assumptions on recruitment of additional team members. Given the shortfall in some income lines noted above, management is mindful of ensuring that the cost bases are kept within check whilst ensuring income producing roles are filled in a timely manner.

Grant Expenses

Grant expenses are under budget by \$801K (\$4.5M vs \$5.3M) which is effectively a timing difference mainly in relation to DFAT funding for UnitingWorld. This gap is expected to close as we move towards year-end close activities.

Travel Expenses

As the restrictions around Covid continue to be released, we are seeing some travel returning as activities and programs open up (as well as some governance and oversight committees meeting more frequently on a face-to-face basis) with \$633K Actuals vs \$575K budget for (the YTD April 2023 Domestic and Overseas Travel combined).

2. Balance Sheet as of 30 April 2023

The table below presents the consolidated Balance Sheet as of 30 April 2023.

Balance Sheet 30 Apr 2023

Description							June		Var.
	ASM	UW	UAICC	Ucare	FS & JFF	NSCU	Total	Last year	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets									
Current Assets									
Cash	1,999.7	3,065.1	857.9	3,242.6	4,572.4	304.6	14,042.3	15,913.6	(1,871.3)
Short Term Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade Receivables	171.9	0.9	0.0	31.6	0.5	12.0	216.8	284.5	(67.7)
Other Assets	395.7	48.1	(19.9)	(89.0)	(23.6)	(5.0)	306.3	1,542.5	(1,236.2)
Total Current Assets	2,567.3	3,114.1	837.9	3,185.2	4,549.3	311.7	14,565.4	17,740.7	(3,175.2)
Non Current Assets									
Term Deposits	2,500.0	2,730.8	0.0	0.0	700.0	0.0	5,930.8	1,212.2	4,718.5
Investments	1,117.3	9,744.0	5,297.8	1,366.0	5,137.7	0.0	22,662.7	22,223.6	439.1
Fixed Assets	689.6	1,440.0	1.0	20.9	60.9	0.8	2,213.3	2,901.8	(688.5)
Lease Assets	688.9	681.4	0.0	472.7	1.7	0.0	1,844.8	2,139.1	(294.3)
Total Non Current Assets	4,995.9	14,596.2	5,298.8	1,859.6	5,900.3	0.8	32,651.5	28,476.8	4,174.8
Total Assets	7,563.2	17,710.3	6,136.7	5,044.8	10,449.6	312.5	47,217.0	46,217.4	999.6
Liabilities									
Current Liabilities									
Trade Creditors	39.6	0.0	0.0	0.0	(4.1)	0.0	35.5	28.1	7.4
Taxes Payable	(44.7)	43.3	(8.5)	(22.4)	(10.4)	(0.9)	(43.7)	8.2	(51.9)
Payroll Liabilities	(82.6)	14.0	1.6	61.3	64.1	10.0	68.2	37.2	31.1
Lease Liabilities	27.4	24.3	0.0	29.1	(19.6)	0.0	61.2	358.6	(297.4)
Other Liabilities	316.5	226.2	32.3	67.0	82.1	(1.9)	722.1	1,003.2	(281.1)
Provisions	6,895.5	459.4	5.7	117.5	988.0	78.0	8,544.3	9,467.6	(923.3)
Contract Liabilities	103.8	21.1	0.0	1,717.8	0.0	0.0	1,842.7	1,946.3	(103.6)
Total Current Liabilities	7,255.4	788.3	31.1	1,970.2	1,100.2	85.2	11,230.4	12,849.3	(1,618.9)
Non Current Liabilities									
Non Current - Other Liabilities	21.5	53.7	0.0	26.0	7.1	0.0	108.3	108.3	0.0
Lease Liabilities - Non Current	704.9	704.4	0.0	500.5	4.6	0.0	1,914.4	1,914.4	0.0
Total Current Assets	726.5	758.1	0.0	526.5	11.8	0.0	2,022.8	2,022.8	0.0
Total Liabilities	7,981.9	1,546.4	31.1	2,496.7	1,112.0	85.2	13,253.2	14,872.1	(1,618.9)
Total Net Assets	(418.7)	16,163.9	6,105.6	2,548.1	9,337.6	227.3	33,963.8	31,345.3	2,618.5

In reviewing the Assembly and its Agencies Balance Sheet as of end April 2023, it is important to note the following items:

- **Balance Sheet** – Overall for the ten month period since June 2022, the net assets of the Assembly and its agencies have increased from \$31.3M to \$33.9M as of April 2023, which has been assisted by strong fundraising income (Bequests received), strong investment returns, and the profit on the sale of the Penshurst manse.
- **Current Ratio** is satisfactory at the consolidated level – being the ratio of Current Assets to Current Liabilities, respectively being \$14.5M to \$11.2M giving a ratio of 1.29 (a ratio greater than 1 is desirable). However, the same calculation for ASM stand-alone is less pleasing. It is expected that the current ratio for the Assembly will improve significantly at year end with UnitingWorld agreeing to contribute an amount of \$1.5M to matters of

Croker Island (effectively being reflected as a transfer of provision from ASM to UnitingWorld). It should also be noted that investments held are classified as “non-current” on the Balance Sheet as they are not intended to be realised in the next 12 months (intention is to hold them long term) even though most of them can be realised / converted to cash at bank within 12 months should this be required, whilst the Provisions for Claims are conservatively classified as “Current” as the timing of actual claims are not controllable, even though they are expected to be paid over the remaining five years duration of the Redress Scheme.

- **Investments** - Whilst the Church historically has held significant wealth in physical assets like property (Manses etc), Assembly (consolidated) fixed assets at \$2.2M (being further reduced in this financial; year due to the sale of Penshurst) are now significantly below Investments held. Of the \$22.6M in investments held by the Assembly and its Agencies and entities, approximately \$13.9M of this is held within the UFS Ethical Conservative Balanced Fund, a diversified fund with a targeted 50/50 split between Growth and Defensive Assets.
- **Assembly Balance Sheet** – As noted above, the Assembly’s – “ASM” (or “Head Office / Secretariat) balance sheet – which is now in a deficit position of **(\$0.418M)** - continues to be a concern, especially as to the ability for the Assembly to sustain one or multiple financial shocks such as a significant reduction in its income sources. It is expected that with UnitingWorld agreeing to accept \$1.5M for claims arising out from Croker Island, that excepting any marked unexpected increases in the Provision as year end accounts are finalised, that the Assembly balance sheet will return to surplus as at 30 June 2023.
- As part of a program of ongoing innovation, the Assembly office has now gone live with implement Microsoft’s Business Central Finance and Accounting Systems. The Assembly office, with the significant assistance from the NSW.ACT Synod, continues the work to refine this implementation. A post implementation review will be conducted post year end and will be considered by AFARC prior to reporting to November 2023 ASC.

3. Budgets 2023/24 (and Full Year Forecasts 2022/23) – Assembly and its Agencies and Entities

The 2023/24 Budgets for the Assembly and its Agencies and Entities are submitted for ASC's approval. A summarized table is included below. Included at Appendix D are the more detailed 2023/24 Budgets, for ASC's further information.

		Budget 2023/24					
		General Funds			All Funds		
		Bud 23/24	Fcst 22/23	Var	Bud 23/24	Fcst 22/23	Var
		\$000's	\$000's	%	\$000's	\$000's	%
ASM	Revenue	3,172.7	4,279.9	(25.9%)	3,345.4	4,377.2	(23.6%)
	Expenses	3,529.7	3,093.4	14.1%	3,593.2	3,208.4	12.0%
	Net	(357.0)	1,186.5	(130.1%)	(247.8)	1,168.8	(121.2%)
NSCU	Revenue	567.5	455.3	24.6%	567.5	455.3	24.6%
	Expenses	567.5	463.0	22.6%	567.5	463.0	22.6%
	Net	0.0	(7.8)	(100.0%)	0.0	(7.7)	(100.0%)
FS&JFF	Revenue	5,693.4	5,728.9	(0.6%)	5,693.4	5,728.9	(0.6%)
	Expenses	6,053.9	5,043.7	20.0%	6,053.9	5,043.7	20.0%
	Net	(360.5)	685.2	(152.6%)	(360.5)	685.2	(152.6%)
UCARE	Revenue	1,950.2	1,871.6	4.2%	3,285.1	2,612.5	25.7%
	Expenses	1,957.8	2,117.3	(7.5%)	3,292.7	2,903.2	13.4%
	Net	(7.6)	(245.7)	(96.9%)	(7.6)	(290.7)	(97.4%)
UAICC	Revenue	452.3	668.4	(32.3%)	512.5	668.9	(23.4%)
	Expenses	469.4	548.6	(14.4%)	502.2	548.9	(8.5%)
	Net	(17.1)	119.8	(114.3%)	10.3	120.0	(91.4%)
UW	Revenue	3,239.7	1,544.2	109.8%	7,055.9	5,951.5	18.6%
	Expenses	1,905.8	3,144.0	(39.4%)	6,355.8	7,702.5	(17.5%)
	Net	1,333.9	(1,599.8)	(183%)	700.1	(1,751.0)	(140.0%)
ALL	Revenue	15,075.8	14,548.3	3.6%	20,459.8	19,794.3	3.4%
	Expenses	14,484.1	14,410.0	0.5%	20,365.3	19,869.7	2.5%
	Net	591.7	138.3	328.0%	94.5	(75.4)	(225.3%)

In reviewing the attached table, key points to note are.

- ASM – General Funds Deficit of **(\$357k)** is represented by **(\$212k)** for ACT 2 being funded (from Assembly reserves) to December 2023 (total budget for ACT 2 for 2023/24 being \$539k less \$327k to be contributed by the Synods for the January - June 23 period), and a General Funds operating deficit for the Assembly of **(\$145k)** for 2023/24.
- NSCU - is included above, and expected as a breakeven budget, but is noted that it falls outside the usual AFARC remit which sits with the wider Assembly / Synods Governing group.
- Frontier Services/John Flynn Foundation – deficit reflects a continual investment in the Agency in terms of fundraising and other capacity; the three-year forecast reflects a return to surplus in the following year with an increasing surplus thereafter.

- UnitingCare Australia – balanced budget reflects a concerted effort to bring expenses into line with expected (reduced) 2023/24 income levels.
- UAICC – essentially a break-even budget - includes allowance for some additional training support roles.
- UnitingWorld – while the forecast for 2022/23 includes a provision of \$1.5M for claims arising out of Croker Island, 2023/24 includes budgeted profit on sale of \$1.5M for the sale of Carlingford manse to fund the \$1.5M provision being taken up in 2022/23. (Essentially, these two offset each other but due to accounting standards treatment fall into two separate financial years).

In supporting these Budgets for ASC approval, AFARC notes:

- AFARC is keen for the Assembly and its Agencies and Entities to submit balanced, if not small surplus, budgets. Our starting point is a clear aversion to large deficits. Clearly, a number of budgets submitted this year reflect deficits, and AFARC engages with each respective body to ensure there is a plan for the relevant body to return to a more sustainable recurring budget position, as well as a way in which to fund, in the short term, any deficit – generally through the availability of reserves. AFARC also takes into account an Agency’s or Entity’s decisions and reasoning to seek to use specific surplus funds generated from a particular activity in prior years to fund the activities in the current year (generally in terms of its strategic plan). As part of AFARC’s annual workplan, all draft budgets are carefully scrutinised, and challenged as appropriate, prior to being brought forward to ASC.
- In relation to specific Budgets:
 - ASM budget reflects both considerable tightening in staffing and the ongoing need to support the activities of the Assembly to what might be a different world in subsequent years. A “successful” Assembly Financial Sustainability Working Group brings upside.
 - Frontier Services - Frontier Services is proposing that some of the investment in growth foreshadowed, and approved, in 2022, but subsequently deferred in light of significant organisational change, be implemented in 2024. AFARC appreciates that Frontier Services’ Management has established strong controls on its key expenditure items and is able to adjust some key elements of expenditure if concerns emerge in FY 2024 or thereafter that income projections are not likely to be achieved. We also value that the Frontier Services Board has set clear KPIs in order to monitor their financial performance. We note that considerable reserves are available.
 - UnitingWorld – the budget proposal is distorted by anticipated proceeds from the sale of the Carlingford manse, along with ongoing fluctuations in Government funding. Considerable reserves are available.
 - UnitingCare Australia – In proposing what is essentially a balanced budget, AFARC commends the UnitingCare Australia Board for the difficult budget decisions that have been taken in the light of reduced funding along with the concurrent strategic reset.
 - While noting volatility and risk, AFARC believes that bequest forecasting has been approached conservatively (especially in regard to Frontier Services).
 - Investment Income – Budgeted interest and distributions Income from Investments have been increased to 3.5% (2.5% allowed for in recent budgets) reflective of the increased interest rate environment.
 - Salary and Wages – Budgeted increase at 4% (plus 0.5% statutory superannuation increase – meaning a total of 4.5% increase) have also been included across all budgets.

Budget Conclusions

As noted above, more details for the 2023/24 Budgets are included in [Appendix D](#). At a high level, it is useful to note:

- Any reduction in Synod funding of Assembly activities has a significant effect.
- Assembly direct contribution to funding of UnitingWorld remains at zero (consistent with 2022/23 and down from \$200k two years ago). Assembly contribution to funding of UAICC has, again, been maintained at \$300k. The levels of these contributions are discretionary to ASC and in the past have been the subject of considerable attention and debate.
- All Budgets have been submitted and endorsed by the relevant Agency governing body (unless noted above).

AFARC has considered these Budgets in considerable detail, and overall is satisfied as to their composition, efficacy, and ability to be funded (if proposed to be in deficit). The Committee takes this budget consideration activity seriously – we do not enter into it lightly. We readily acknowledge, and appreciate, the work undertaken by relevant governing bodies prior to Budgets being shared with AFARC.

We closely monitor deficit Budget positions (indeed, we closely monitor all performance against Budget) with each relevant Agency or Entity, on a monthly basis through the year, and as noted above, look to develop confidence in an Agency's ability and plan to return their operating Budget to a more sustainable position if required. We are confident that Agencies and Entities will similarly monitor performance and look to manage to their respective bottom lines during the year – especially if circumstances suggest intra-year deterioration.

We therefore recommend to ASC the endorsement of the draft 2023/24 budgets as submitted in this Report.

Proposal 1

That the Assembly Standing Committee:

1. Approve the 2023/24 Budgets for the Assembly and its Agencies and Entities as submitted.

4. Provision for Claims – Redress and Civil (and other legal matters)

Matters of Civil Claims and Redress – especially in relation to Financial Provisions for likely claims - have been and will continue to be discussed at ASC meetings. This is clearly a significant matter for the Assembly and warrants continued discussion and focus. The Assembly and its Agencies continue to receive both Redress (under the Federal Government National Redress Scheme) and Civil Claims.

Under the relevant Accounting Standard, we are required, once an event has occurred (which we have defined as the National Redress Scheme and we have received claims under the event - either Redress or Civil matters), to bring to

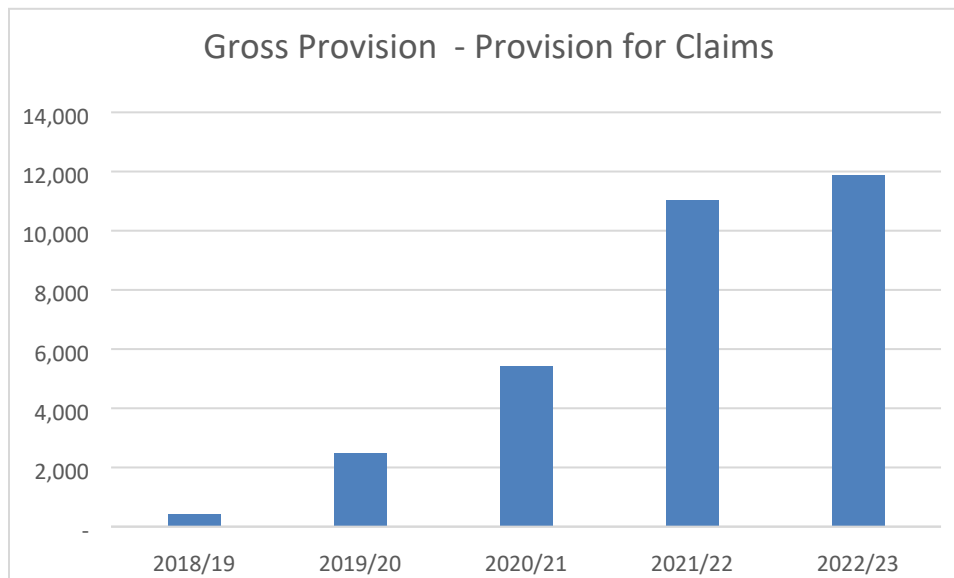
account a Provision¹ to reflect the likely cost over the full extent of the Scheme including Civil Claims. As with prior ASC meetings, the table below looks to set out the likely updated assessment now being completed as at 30 June 2023. Further updates will be provided verbally during the ASC meeting itself as required.

In reviewing the table below, it is noted:

- This assessment is again based on a consistent quantitative model as used in previous years, updated for more recent information and the inclusion of Croker Island (including the receipt of updated assessments from Legal Advisors).
- We expect to increase the overall Provision by approximately \$1M as at 30 June 2023 (consolidated) on the Gross Provision of \$11.0M reflected as at June 2022 (prior year financials), and also December 2022, taking Gross provisions to just under \$12M as at June 2023. This increase in the Gross Provision of approximately \$1M is due mainly to our external advisers providing an updated assessment that in their view as at June 2023:-
 - We should allow for an increase in total expected Mogumber Redress claims from 97 to slightly over 100 noting 53 claims paid to date as noted on the table below (plus 12 claims currently in progress); and
 - We should allow for an additional ten Civil claims to arise from Croker Island (previously allowed for 15 additional unknown claims but this has increased to 25 unknown claims to come). Our external advisers have taken this position given the recent press (on the ABC and Darwin local news) regarding the settlements made at the recent May 2023 mediation conference in Darwin.
- To date, and further to recent ASC discussions, UnitingWorld has now agreed to contribute a total of \$3.23M towards the \$12.0M gross provision noted below (being \$1.73M for matters of Mogumber and \$1.5M for matters of Croker Island – the latter being the topic of recent ASC discussions).
- Frontier Services has confirmed no further claims have been received in the last six months, and as such the current level of provisions has been retained in their accounts.

Of course, as is the nature of provisions such as this, this is a highly subjective matter, but the above analysis represents, in our view, the best estimate as at 30 June 2023 based on available information and expectations. The Provision is reviewed every six months – the table below reflects the Gross Provision being determined at each Financial Year end (plus an estimate for the expected Gross Position as at June 2023). Please note also that this assessment remains a work in progress – ongoing advice is being received and as at the date of this report, feedback from external Auditors remains outstanding. A further verbal update will be provided at the ASC meeting.

¹ As advised to ASC in November 2020 – A provision is essentially an amount set aside in financial accounts to cover a future liability. They are balance sheet items representing funds allocated as assets to pay for anticipated future losses or expenses. A provision represents an amount set aside for an uncertain (as to timing or quantum) yet probable obligation or liability that can, or is confidently expected to, arise in the future. Provisions are recognised or created when there is a liability (or reasonable likelihood thereof), or a present obligation has arisen due to past activity, but has not yet been extinguished.



The National Assembly has committed to reviewing the Provision for Claims required to be maintained in its accounting records as per AASB 137 Provisions, Contingent Assets and Contingent Liabilities on a six-monthly basis.

UPDATED PER CBP REVIEW AT June 2023

Provision for Claims - As at 30 June 2023									
Provision for Claims	Number of Claims			Claim Value			Total Value		
	Gross	Paid	Net	Gross	Paid	Net	Gross	Paid	Net
June 2023	#'s	#'s	#'s	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Mogumber Redress	102.5	(53.0)	49.5	53.0	56.6	49.2	5,432.5	(2,997.7)	2,434.8
Mogumber Civil	1.0	0.0	1.0	250.0			250.0	0.0	250.0
Total Mogumber	103.5	(53.0)	50.5				5,682.5	(2,997.7)	2,684.8
Croker Redress	33.0	(4.0)	29.0	52.0	69.5		1,716.0	(278.0)	1,438.0
Croker Civil	41.0	(1.0)	40.0	86.0	60.0		3,526.0	(60.0)	3,466.0
Total Croker	74.0	(5.0)	69.0				5,242.0	(338.0)	4,904.0
Frontier Redress	10.0	(2.0)	8.0	56.5	56.5	56.5	565.0	(113.0)	452.0
Frontier Civil	2.0		2.0	250.0		250.0	500.0		500.0
	12.0	(2.0)	10.0				1,065.0	(113.0)	952.0
Total All	189.5	(60.0)	129.5	63.3	57.5	66.0	11,989.5	(3,448.7)	8,540.8
Movement from Dec22							949.5	(635.2)	314.3
Number of Claims									
Gross	Is the total number of expected claims expected to be received by the Assembly&Agencies over the Redress Scheme								
Paid	Is the number of claims that have been paid to date								
Net	Is Gross minus Paid (2 rows above) which is the expected no of claims not yet paid but expected from the Scheme								
Claim Value									
Gross	Is the average \$ value per claim for the total of all expected claims								
Paid	Is the average \$ value per claim for all paid claims to date								
Net	Is the average \$ value of the claims to come								
Total Value									
Gross	Is the total value of all expected claims to be paid								
Paid	Is the total value of claims paid to date								
Net	Is the total value of the claims still expected to be paid (Also calculated as Gross minus Paid - being the 2 lines above)								

65 claims to date net of Found Not Liable - CBP estimate 50 more to come but allow for 25% Found not Liable - $65 + 50 \times .75 = 102.5$
Civil - whilst CBP note Civil unlikely to emerge we will carry forward cover the potentially 1 claim to emerge

10 so far plus CBP estimate 35 to come less 1/3 per CBP = 33 in total
1 past claim plus 15 in May 2023 mediation plus CBP est of 25 to come

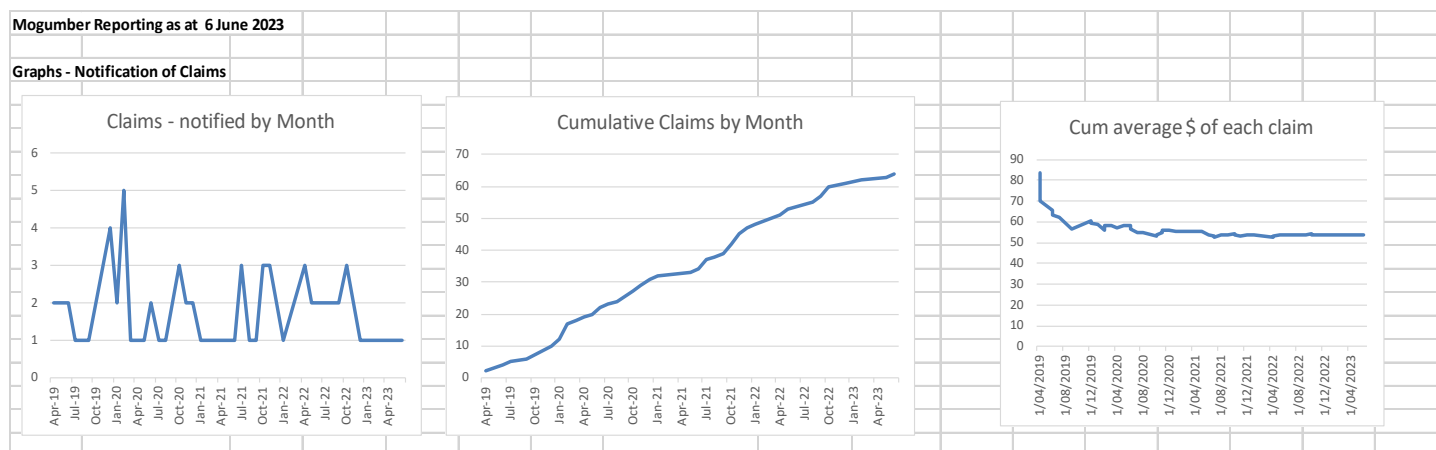
No Change to the provision required - Level of provision considered

No Change to the provision required - Level of provision considered

As noted, a review of the Provision is conducted every six months and at the time of this report the June 2023 provision adjustments are being worked through and updated. This process included updating the schedules of claims received for all matters (including Mogumber, Croker Island and others) and reviewing claims status with external advisors. It is also important to note, considering the scheme in totality, that we are now moving materially past the halfway point of the nine-year Redress scheme notification period.

Former Mogumber Mission

Redress – Whilst the number of Redress Claims now being received with respect to the former Mogumber Mission has been decreasing, we are still expecting to receive and settle approximately 100 Redress Claims over the term of the Scheme. Included below is a snapshot reflecting the claims received for Mogumber over the Scheme to date.



Civil – at this stage there is only open Civil claim for Mogumber which is covered by insurance (was notified whilst insurance cover was in place) meaning the Assembly should only be liable for the internal excess of \$25K for this claim. Noting the above we have continued to allow for one non-insured Civil matter to arise over the next 5 years, for \$250k.

Former Croker Island Mission

Redress – ten claims have been received to date and we have allowed 35 to come (given the late commencement of Croker claims being received into the Federal Government National Redress Scheme).

Civil - Settlement of 15 matters subject to a group claim (Slater and Gordon - 12 claims, Shine Lawyers - 3 claims) was achieved in May 2023. The net cost to the Assembly has been calculated at \$1.3M (compared with total Gross claim value in excess of \$6M) after allowance for negotiation of settlement amounts, contribution from the Commonwealth Government (generally at 1/3 of the settlement amount), some recovery from Insurance coverage, and from the NSW.ACT Synod Insurance Fund (difference between the internal and external deductible).

It is important to note that these settlements included claims for physical abuse (as separate and distinct from matters of Sexual abuse). This is important to note as it potentially increases the possibility of further claims and reinforces the need to be conservative in our estimates of the Provision required.

It is expected that the Assembly will pay this amount of \$1.3M early in the 2023/24 financial year, to come out the \$12.0M Gross provision noted above. Deeds of Settlement and Release are now being finalised between the claimants,

the Commonwealth, and the National Assembly. We would like to express a sincere thank you to the NSW.ACT Synod for their time, assistance and expertise - both generally in the ongoing handling of these matters and also at the recent May 2023 mediation.

Payment of this \$1.3M, added to the payments made to date in the table above of \$3.5M, will be \$4.8M, meaning that out of the Gross Provision taken of \$12.0M, a collective net provision of \$7.2M remains for the Assembly and its Agencies to settle future claims over the remaining period of the National Redress Scheme.

It is also important to note that whilst the Scheme is currently scheduled to stop receiving claims in 2027, there is a strong possibility that the Scheme may be extended (which we have seen occur in other countries) and again reflects the need to be conservative in our approach to the adequacy of the Provision. Further, the recent extension of the Scheme to those claimants who are currently incarcerated indicates a further consideration of the need to be conservative in our levels of provisioning.

Other Matters

Unpaid wages claim – McDonald – Receipt of draft Subpoena for records of former missions (including Croker Island) previously run in Northern Territory.

There have been no further updates on this matter. We will continue to closely monitor it for the next six months. If there are no further developments in the matter by December 2023, we will consider the matter dormant and remove it from future reports as an outstanding item.

As previously noted, we are not a party to this claim (the Commonwealth is the respondent) and our lawyers have noted that Shine has advised them that they do not intend to join UCA to the claim. However, there is still the possibility that UCA may be joined to the claim (given that the Missions that are the subject to the claim were run by the Methodist Overseas Mission during that time).

We continue not to provision for any costs in relation to this matter.

Allianz – Seeking Rectification Order

The Federal Court delivered a favorable outcome to this matter in March 2023. We understand that Allianz is expected to appeal the judgement which is expected to be heard in Court late this calendar year. Included below is some background context, but given the initial favorable outcome, we will only include this matter in future reports if there is material update to be made to ASC. We also understand that HWL Ebsworth, who act on behalf of Allianz in this matter, was recently subject to a Ransomware attack, and that some documents (including for the broader Uniting Church and some Agencies) have been released to the dark web. Management continues to monitor this development.

(In terms of background, this matter has arisen out of an initial proceeding taken by NSW.ACT Synod against Allianz (insurers) for “non-performance” as to insurance coverage (dispute on policy coverage with Allianz \$15M vs \$25M) for the period of 2008-2009. As the National Assembly, as well as VIC.TAS Synod, and the Northern Synod are parties to contracts negotiated, they have also been listed as parties to the matter. The National Assembly has no claims which may be subject to this dispute during the relevant period.)

5. Financial Sustainability

As has been noted above (and at previous meetings), financial sustainability is a vitally important matter for consideration and something which AFARC expects to be addressing with ASC during the life of this triennium. Assembly's Financial Sustainability has featured prominently in discussions at this, and the prior, Assembly and its ASC meetings. This aspect is intertwined with re-forecast analyses, budget preparation, consideration of matters such as Redress and almost all other financial elements of Assembly's operations. Accordingly, this continues to be a critical area of focus for AFARC and the ASC.

Core to this topic is the ability of the Assembly to cope with external "shocks", considering the potential nature of such shocks and their likely implications (we have seen this come through increasing claims provision required to be taken up). Recent developments have highlighted that our ability to withstand future shocks is by no means guaranteed and in the event of a shock, difficult calls will be required. It was clear at the time of the original, detailed, analysis that the funds available to ASC, if the need were to arise to address an unexpected shock, were well short of aspirations, and AFARC suggested that a prudent approach to this would be to seek to bolster reserves and shore up our ability to absorb shocks. Recent asset sales have assisted but can only go so far.

When considering the Assembly's financial sustainability, it is important to consider the Assembly Secretariat in its own right as distinct and separate from the Agencies within the Assembly. Both UnitingWorld and Frontier Services are PBI endorsed entities, which bring with it limitations on use of funds, essentially quarantining them away from the Assembly Secretariat (as the Assembly Secretariat is not endorsed as a PBI). As ASC is aware, UnitingCare Australia receives specific funding from the wider Uniting network and UAICC funding is critical to the ongoing commitment with Congress. The key point here is that Agency funds are largely unavailable to the broader Assembly in the event of need. The Assembly Secretariat also, to some extent, may need to consider the potential to act in the capacity of "Lender of last resort" for an Assembly Agency, which in the past, it has previously acted in this capacity with Frontier Services (in 2014/2015). To this end, the importance of AFARC's oversight of the financial functionality of the Assembly and its Agencies is key.

The "bottom line" in any analysis like this is that the funds immediately available to the Assembly "head office" in the event of a crisis, are limited. Putting aside the buffer now available in relation to Redress, the overall position for Assembly remains sobering and challenging (as it was when first shared with ASC in late 2019). This is even more critical as the Synods themselves come under funding pressures, with the possibility of further reducing the annual grants to the Assembly.

As was noted, verbally, to the 16th Assembly meeting *"more work remains to address the long-term financial sustainability of the Assembly. The nature of the sustainability challenge has changed over recent years – individual agencies are, by and large, better positioned than in the past, but the national Assembly itself remains vulnerable. During the past Triennium, AFARC kicked off a series of discussions at ASC in relation to long term financial sustainability and it is anticipated that such focus will continue with the upcoming ASC"*.

ASC, at its March 2023 meeting, approved the establishment of the Assembly Financial Sustainability Working Group. We note that the Working Group has now formed and that the Associate General Secretary, Lindsay Cullen, has been appointed as its Convenor. We look forward to the significant work and positive outcomes that will come out of this Working Group.

6. AFARC Membership

As reported at the March 2023 ASC, the Committee is undergoing a period of membership renewal as the tenure of three existing members concluded at the recent May 2023 AFARC meeting.

The Committee thanked Tony Engel for his significant contribution over the last nine years, and the more recent service from both Julie Ross and Ian Thompson. As noted in a separate ASC paper, after a significant recruitment process, we propose three highly skilled and capable replacement members for Committee membership, for ASC approval.

The Committee has also elected to co-opt an additional member from those interviewed (a total of four new members), the fourth member being recruited for the purposes of succession planning (and pragmatism) with a view towards the Committee's known requirements arising in mid-2024.

7. Assembly Investment Advisory Committee "AIAC"

The AIAC continues to meet on a quarterly basis, having most recently met in May 2023.

The AIAC also held an Investment Seminar on the afternoon of the 23rd May 2023 for the benefit of the wider Assembly and its Agencies, which was well attended by representatives from each of the entities within the National Assembly. The Seminar included presentations from the AIAC members and its investment managers, and was well received by those attending (with 30 relevant Assembly and Agency staff and Board / Committee members in attendance).

Topics covered include Environmental, Social and Governance (ESG) investing, investing in Social Impact Bonds, Investment Risk Appetite, investable funds calculations and presentations from both UFS and UEthical and their investment managers.

AFARC continues to give thanks for the diligence and enthusiasm exhibited by AIAC; we watch with amazement as this Committee serves the Assembly.

8. Risk Management

AFARC continues to oversee the Assembly Risk Management processes - including the Risk Registers of the National Assembly and Agencies and Entities. We continue to work with Management in reviewing Risk Registers, in conjunction with the ASC approved Risk Appetite Statement, and Agency Risk Appetite Statements, with a focus on the risks rated as both High and Significant, the controls in place to mitigate these risks, and continually focusing on gaps "where residual risk is still perceived to sit outside our risk appetite / tolerance". "Risk" is regularly discussed at ASC; a separate paper is again being prepared for this ASC meeting.

9. Cyber Security

The work of the Cyber Sub Committee “CSC” (a Sub Committee of AFARC) continues with the current focus of the Sub Committee being on:-

- Completion of the Grant Thornton (“GT”) update review to be finalised in late June 2023 (checking on the completion of their recommendations arising from GT’s earlier 2022 review);
- Final completion by staff of all required Cyber training modules; and
- Implementation and application of key policies and documents developed including:-
 - Cyber Security Framework;
 - Clearer formalised reporting requirements / interactions from the Assembly’s main IT provider - NSW.ACT Synod;
 - Ransomware Policy;
 - Cyber Incident Response Plan;
 - BYOD and Acceptable use policies (in addition to those already in place in the Employee Handbook); and
 - Updating existing Business Continuity and Crisis Management Policies to incorporate the work of the CSC.

The work of Sub Committee is now turning towards ensuring the policies and processes developed are embedded in the normal operating environment, and that the maturity process continues as the Cyber environment itself continues to evolve and the risk of a Cyber incident remains real. A further verbal update, mostly with respect to the outcomes of the updated GT review, will be provided verbally to ASC at the July 2023 ASC meeting.

10. External Audit

Planning and preparations for the Year End Financial Audit have now commenced with KPMG (External Auditors) and consistent with the prior years’ schedule, we expect KPMG to complete their interim visit in the last week of June 2023, with their year-end Audit work commencing from mid August 2023. Outcomes will be reported to November ASC.

There have been no new Accounting Standards released over the last year that would require any significant changes to the preparation and finalisation of the Annual Audited Financial Statements (when compared to the prior financial year). However, we understand that there are increased ESG reporting requirements being introduced further down the track and we intend to look to the preparation of the 2023 Financial Statements as a way of commencing to bring an enhanced level of such reporting into the Financial Statements of the National Assembly and its Agencies.

KPMG has noted that there has been a revision to Australian Auditing Standard ISA 315 which will require KPMG to perform a more granular review of the IT systems and infrastructure of the National Assembly and its Agencies.

As part of KPMG meeting the updated ISA 315 requirements, we consider that the significant amount of work conducted in the last 12 months on implementing a higher level of Cyber Security Governance through the work of the CSC will put the Assembly and its Agencies in a good position. KPMG has also noted that this work will also link to a review of the Business Central “BC” implementation, including the process of gaining sufficient audit evidence as to accuracy and completeness of the BC go live effective 1st October 2022.

11. Internal Audit

Grant Thornton (GT), as Internal Auditors (as also noted above in the Cyber Security section) for the Assembly, NSW.ACT Synod and UFS collectively, have now completed (or are in the process of currently completing) several further reviews for the National Assembly.

Recently completed:

- a review of the NSW.ACT Synod's "Procure to Pay" Process, noting that this review extended to the National Assembly to the extent that the Assembly's processes are undertaken by the Synod through the SLA arrangement. This review indicated that the implementation of the Purchasing module within Business Central would deliver an increased control environment. The Assembly is committed to work through implementing this process with the NSW.ACT Synod, while noting that the vast majority of Audit recommendations fall to the Synod for attention.

Currently in progress:

- an updated review (as noted above) of the Assembly's Cyber Security environment following the more detailed Cyber Review conducted by GT in the prior year (essentially looking at the implementation of the recommendations GT delivered last year); and
- a review of the Investment Management process for the Assembly and its Agencies and Entities.

This programme of Internal Audit work, and the outcomes of future reviews, will continue to be a regular inclusion in AFARC reports to future ASC meetings.

12. Service Level Agreement (SLA) with NSW.ACT Synod

Work has continued to update and renew the SLA arrangement with the NSW.ACT Synod - for the provision of key back-office support in areas of Financial Accounting, Payroll, IT, HR and other key areas of support provided as needed (insurance, risk etc.). Further conversations have been held between Assembly Management, AFARC and key staff from the Synod.

We understand that the terms of the SLA have now been finalised and that the SLA is being presented to the NSW.ACT Synod Board for approval at its upcoming early July 2023 meeting. We will look to provide ASC with a verbal update at the July 2023 ASC meeting, noting that a commencement date for the new SLA is expected to be 1 July 2023.

AFARC is pleased to see the continuation of the maturing of this relationship; we look forward to finalising the SLA; and we would like to express appreciation to the NSW.ACT Synod for their continued support.

13. Shared Services

AFARC is supporting Management's initiatives around exploring the concept of "Shared Services" (or the opportunity to work collaboratively and co-operatively across the Church in relation to common activities). We consider it is important for us, collectively and across the breadth and depth of the Church, to look at innovation and this includes looking at ways of doing things better.

Shared Services is one consideration that has been used successfully across many complex and large institutions (similar to the Uniting Church) to deliver increased efficiency and effectiveness around the provisioning of services, especially those deemed back of house (e.g. Finance, IT, HR, Payroll, Property, Insurance). In saying this, we are also mindful that there are likely to be a number of potential challenges as we explore this concept – and that this will likely take considerable time (to be balanced with other priorities) and broad, and deep, engagement with relevant parties. Whilst we appreciate there is no one size fits all model here, we will continue to work with Management to explore these possibilities.

Our thinking remains in its infancy. Initial high-level guidance has been received (at no cost) from several accounting firms and we will continue to work through these. Being realistic, little progress on this is likely in the near term as resourcing constraints and other priorities intrude, but we will also watch with interest, and be ready to assist, as the Assembly's ACT 2 project comes to light and how this Shared Services concept might be relevant to any further consideration of the Church's "sustainability and structure" as part of the future strategic direction of the Church.

ASC will be kept informed as appropriate.

14. Beneficiary Fund

As has been reported to previous ASC meetings, AFARC continues to engage with the Policy and Employer Committees of the Beneficiary Fund / Mercers Super Trust in further understanding, and reviewing, the position of the Beneficiary Fund.

AFARC last engaged with the BeneFund Committee at its February 2023 meeting to obtain an updated assessment and understanding of the 2022 Financials for the BeneFund, including the Vested Benefit Index ("VBI"²) levels of the Fund as of 30 June 2022, and to also note the recent 5.5% annual pension indexation that had been granted by the Fund's trustees reflective of the increased cost of living.

In the longer term, AFARC is also mindful of how we can reduce the market risk of the Fund to the Church - that is the risk that a significant fall in investment values might lead to the employer (the Church) being required to make "top ups". In terms of the indexing of pensions, we are mindful that investment markets are volatile as inflation has increased markedly across many economies, and Governments are now looking to rein in demand and inflation. The impact of both of these on the ability to manage the indexation of pensions, and the impact on the investment values of the Fund at the same time, will be important considerations for the BeneFund. We are conscious of the importance of continuing to work with the Fund Committees to explore a potential long term exit strategy for the Defined Benefit nature of the Fund, to reduce the risk to the Fund when (if) such events occur.

AFARC will continue the dialogue with the relevant BeneFund Committees.

² VBI – a defined benefit fund is in a "satisfactory financial position" under superannuation law if the ratio of the fund assets to the vested benefits is 100% or more. The value of vested benefits represents the total amount the fund would be required to pay if all members were to voluntarily leave service on the valuation date. This is a short-term solvency measure and is the focus of the superannuation regulator, APRA. BeneFund's VBI is typically comfortably in excess of 100%, largely due to the "pension increase policy" providing considerable leeway in the governance of the fund.

15. AFARC Operations

AFARC meets either in face-to-face meetings or by teleconference throughout the year and has developed a work schedule that corresponds to the requirements as provided for within its governing documents. The next regular quarterly AFARC meeting is scheduled for the 31st of July 2023 (post the July 2023 ASC meeting).

16. Meetings with National Directors and Governance Boards

The Committee also has long standing practice of meeting with leadership of each Agency as well as with the other relevant governance bodies. At its most recent meeting (May 2023), the Committee met with UnitingCare Australia and UnitingWorld, as well as external Auditors, KPMG.

17. Other Matters

AFARC continues to manage, or monitor, several other topics not addressed above and will continue to keep ASC up to date on relevant matters. The diverse nature of matters on the AFARC radar reflects the diverse nature of the Assembly's operations and helps to keep us motivated, challenged and rewarded. We are grateful for the support provided by ASC, Assembly leaders and the broader Management team.

Proposal 2

That the Assembly Standing Committee:

2. Receive the report.

Submitted to: Assembly Standing Committee
21 – 23 July 2023

Submitted By: Stuart Woodward,
Chair, Assembly Finance, Audit and
Risk Committee

stuartwoodward202@gmail.com
0414 886 346

and Leo Iosifidis
National Director, Strategic Finance and
Administration
Assembly Support Unit

Leoi@nat.uca.org.au
0427 546 100

16 June 2023

LIST OF APPENDICES

Appendix A	Assembly Finance Audit and Risk Committee Commonly Used Acronyms
Appendix B	Financial Status Report YTD to April 2023
Appendix C	Statement of Available Funds as at April 2023
Appendix D	Budgets for 2023/24

ASSEMBLY FINANCE AUDIT AND RISK COMMITTEE – COMMONLY USED ACRONYMS

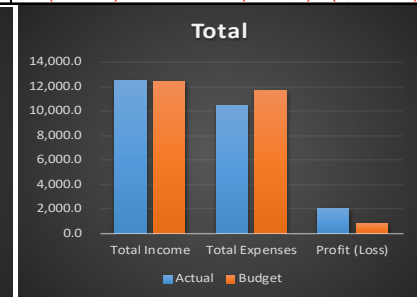
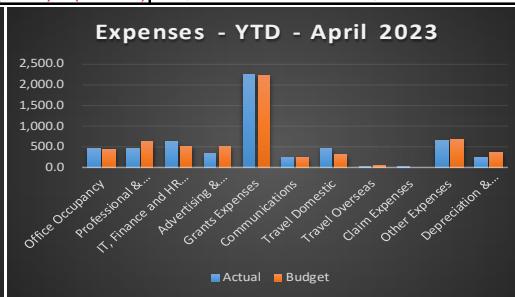
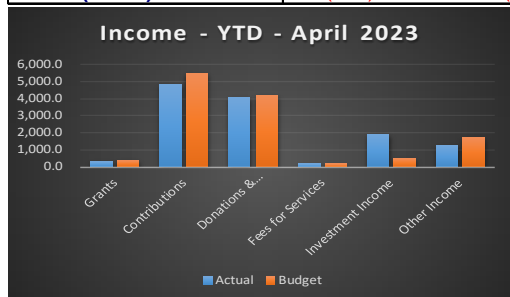
The following list will be expanded as additional acronyms come to mind.

"INTERNAL"	
AFARC	Assembly Finance Audit and Risk Committee
AIAC	Assembly Investment Advisory Committee
ARU	Assembly Resourcing Unit
ASC	Assembly Standing Committee
ASM	Assembly Secretariat
ASU	Assembly Support Unit
FS	Frontier Services
JFF	John Flynn Foundation
NSCU	National Safe Church Unit
UAICC	Uniting Aboriginal and Islander Christian Congress
UCA	Uniting Church in Australia
UCANA	Uniting Church in Australia National Assembly
UCARE	UnitingCare Australia
UFS	Uniting Financial Services (NSW)
UW	Uniting World

"EXTERNAL"	
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ABR	Australian Business Register
ACFID	Australian Council for International Development
ACNC	Australian Charities and Not For Profits Commission
APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
BAS	Business Activity Statement
DFAT	Department of Foreign Affairs and Trade
DGR	Deductible Gift Recipient
ESG	Environmental, Social and Governance
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
PAYG	Pay As You Go (Taxation)
PBI	Public Benevolent Institution

Financial Status Report – General Funds Reporting

UCANA & Entities	General Funds - Profit & Loss 30-April-2023											
	Month				Year to Date				FY 2021-22 Prior Year	FY 2022-23 Budget		
	A	B	Var	Var %	A	B	Var	Var %	A	B	Var	Var %
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Income												
Grants	12.0	16.7	(4.7)	(28.0%)	290.5	359.1	(68.5)	(19.1%)	221.3	433.9	(212.6)	(49.0%)
Contributions	261.7	543.4	(281.7)	(51.8%)	4,878.5	5,506.4	(628.0)	(11.4%)	5,765.4	6,176.8	(411.4)	(6.7%)
Donations & Bequests	179.1	432.8	(253.7)	(58.6%)	4,059.9	4,230.7	(170.8)	(4.0%)	4,752.8	5,406.8	(654.0)	(12.1%)
Fees for Services	16.6	16.6	0.0	0.0%	174.4	165.8	8.7	5.2%	212.4	198.9	13.5	6.8%
Investment Income	586.5	111.4	475.2	426.6%	1,906.5	492.0	1,414.5	287.5%	(863.5)	763.6	(1,627.1)	(213.1%)
Other Income	37.9	38.9	(1.0)	(2.5%)	1,260.9	1,708.3	(447.4)	(26.2%)	2,260.3	1,747.5	512.8	29.3%
Total Income	1,093.8	1,159.7	(65.9)	(5.7%)	12,570.7	12,462.3	108.5	0.9%	12,348.7	14,727.5	(2,378.8)	(16.2%)
Expenses												
Staff Expenses	416.3	537.8	121.5	22.6%	4,724.0	5,732.9	1,008.9	17.6%	5,743.3	6,951.3	1,207.9	17.4%
Office Occupancy	33.7	44.7	11.0	24.6%	465.6	446.8	(18.8)	(4.2%)	614.4	555.3	(59.0)	(10.6%)
Professional & Consultancy Fees	19.2	61.2	42.0	68.6%	453.3	618.5	165.2	26.7%	513.4	714.9	201.5	28.2%
IT, Finance and HR Support	90.6	48.5	(42.1)	(86.9%)	609.6	511.4	(98.2)	(19.2%)	594.2	648.8	54.6	8.4%
Advertising & Promotions	16.5	40.8	24.3	59.6%	331.3	526.0	194.7	37.0%	672.1	620.6	(51.5)	(8.3%)
Grants Expenses	235.6	215.3	(20.3)	(9.4%)	2,249.9	2,216.7	(33.2)	(1.5%)	2,413.5	3,097.3	683.8	22.1%
Communications	28.4	16.0	(12.4)	(77.9%)	257.0	252.3	(4.7)	(1.9%)	260.0	342.8	82.8	24.1%
Travel Domestic	108.9	32.3	(76.6)	(236.9%)	477.0	307.6	(169.4)	(55.1%)	254.4	421.7	167.3	39.7%
Travel Overseas	3.2	5.3	2.0	38.6%	22.0	52.9	30.9	58.4%	0.0	0.0	0.0	
Claim Expenses	3.4	0.0	(3.4)		15.1	0.0	(15.1)		5,759.7	0.0	(5,759.7)	
Other Expenses	175.7	66.3	(109.4)	(165.1%)	641.7	665.2	23.5	3.5%	270.3	789.2	518.9	65.8%
Depreciation & Insurance	29.6	35.1	5.4	15.4%	254.7	350.5	95.8	27.3%	392.8	350.0	(42.8)	(12.2%)
Total Expenses	1,161.0	1,103.0	(57.9)	(5.3%)	10,501.3	11,680.8	1,179.6	10.1%	17,488.1	14,491.8	(2,996.3)	(20.7%)
Transfers	(1.7)	(1.7)	0.0	0.0%	(16.7)	(16.7)	0.0	0.0%	(67.7)	(20.0)	0.0	0.0%
Profit (Loss)	(65.5)	58.3	(123.8)	(212.2%)	2,086.2	798.1	1,288.1	161.4%	(5,071.7)	255.7	(5,327.5)	(2,083.3%)



Commentary:

Income - YTD To April 23

Synod Grants/Contributions are materially in line with Budget (noting that WA did reduce their grant effective from 1 Jan 2023)
 UnitingCare Australia Levies are under budget due to reduce from NSW.ACT and QLD of \$500k
 Donations and Bequests essentially in line with budget with strong bequest income
 Sale of Penshurst Manse to be reflected in the October 2022 financials

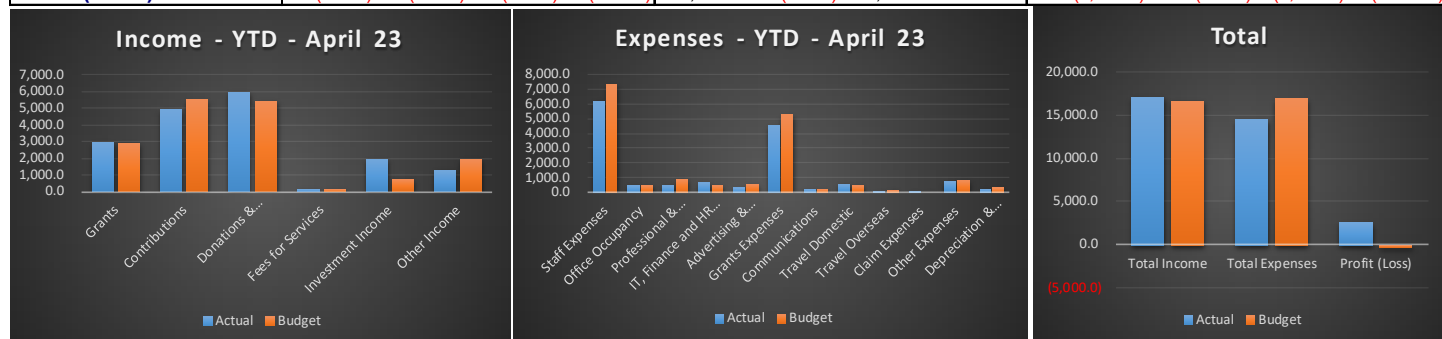
Expenses - YTD to April 23

Salaries and Wages are somewhat underbudget due to time taken to backfill vacancies
 Expenses generally under budget

Note: the 2022 results includes the additional provisioning taken with respect to claims

Financial Status Report – All Funds Reporting

UCANA & Entities	All Funds - Profit & Loss 30 April 2023											
	Month				Year to Date				FY 2021-22 Prior Year	FY 2022-23 Budget		
	A	B	Var	Var	A	B	Var	Var	A	B	Var	Var
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Income												
Grants	49.9	62.5	(12.6)	(20.2%)	2,946.8	2,888.6	58.2	2.0%	3,175.2	3,428.7	(253.5)	(7.4%)
Contributions	261.7	543.4	(281.7)	(51.8%)	4,878.5	5,506.4	(628.0)	(11.4%)	5,847.7	6,250.1	(402.4)	(6.4%)
Donations & Bequests	310.0	568.4	(258.4)	(45.5%)	5,936.5	5,440.2	496.3	9.1%	7,436.9	7,060.5	376.4	5.3%
Fees for Services	16.6	16.6	0.0	0.0%	174.4	165.8	8.7	5.2%	216.4	198.9	17.5	8.8%
Investment Income	593.2	173.7	419.6	242%	1,917.7	721.1	1,196.6	165.9%	(1,010.7)	836.0	(1,846.8)	(220.9%)
Other Income	38.3	63.9	(25.6)	(40.1%)	1,273.9	1,958.8	(684.9)	(35.0%)	2,295.0	1,751.0	544.0	31.1%
Total Income	1,269.7	1,428.4	(158.7)	(11.1%)	17,127.7	16,680.9	446.9	2.7%	17,960.5	19,525.2	(1,564.8)	(8.0%)
Expenses												
Staff Expenses	577.7	689.3	111.6	16.2%	6,183.5	7,251.5	1,068.0	14.7%	7,117.3	8,634.5	1,517.2	17.6%
Office Occupancy	33.7	45.5	11.8	26.0%	466.5	455.2	(11.3)	(2.5%)	615.3	565.3	(50.0)	(8.8%)
Professional & Consultancy Fees	22.2	82.8	60.6	73.2%	521.3	917.1	395.7	43.1%	639.7	959.2	319.5	33.3%
IT, Finance and HR Support	92.8	49.3	(43.5)	(88.3%)	622.0	519.7	(102.3)	(19.7%)	612.0	724.7	112.7	15.6%
Advertising & Promotions	16.5	42.4	25.8	61.0%	333.6	541.8	208.2	38.4%	680.9	644.0	(36.9)	(5.7%)
Grants Expenses	544.4	635.8	91.4	14.4%	4,490.6	5,292.3	801.7	15.1%	5,766.8	6,420.8	654.1	10.2%
Communications	28.5	16.4	(12.1)	(73.4%)	259.2	256.9	(2.3)	(0.9%)	262.1	348.3	86.1	24.7%
Travel Domestic	126.8	44.8	(82.0)	(83.1%)	552.7	446.2	(106.5)	(23.9%)	267.8	582.2	314.4	54.0%
Travel Overseas	9.8	7.5	(2.3)	(31.2%)	80.6	129.2	48.6	37.6%	0.0	0.0	0.0	
Claim Expenses	3.4	0.0	(3.4)		15.1	0.0	(15.1)		5,760.3	0.0	(5,760.3)	
Other Expenses	192.2	73.1	(119.1)	(62.9%)	725.2	822.5	97.4	11.8%	264.9	836.2	571.3	68.3%
Depreciation & Insurance	30.1	35.5	5.4	15.3%	258.9	354.7	95.8	27.0%	438.4	350.0	(88.4)	(25.2%)
Total Expenses	1,678.1	1,722.3	44.2	2.6%	14,509.3	16,987.1	2,477.8	14.6%	22,425.5	20,065.3	(2,360.2)	(11.8%)
Profit (Loss)	(408.4)	(293.8)	(114.5)	(39.0%)	2,618.5	(306.2)	2,924.7	955.2%	(4,465.0)	(540.0)	(3,925.0)	(726.8%)



Commentary:

Income - YTD April 23

Synod Grants/Contributions are materially in line with Budget (noting that WA did reduce their grant effective from 1 Jan 2023)
 UnitingCare Australia Levies are under budget due to reduce from NSW.ACT and QLD of \$500k
 Donations variance to budget impacted by timing; legacies are received periodically and the budget reflects historical average
 Sale of Penhurst Manse to be reflected in the October 2022 financials

Expenses - YTD April 23

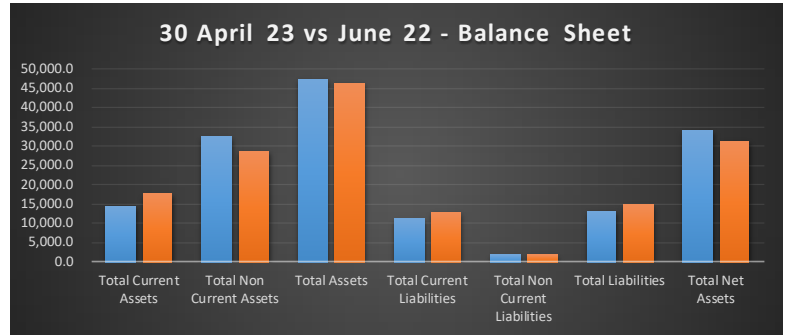
Salaries and Wages are under budget due to some time taken to fill vacant roles, especially with the impact of Covid
 Expenses generally under budget

Note: the 2022 results includes the additional provisioning taken with respect to claims

UCANA & Entities

Balance Sheet 30-April-2023

Description	YTD Dec 22 \$000	Jun 22 \$000	Var \$000
Assets			
Current Assets			
Other Assets	306.3	1,542.5	-1,236.2
Cash At Call	14,042.3	15,913.6	-1,871.3
Trade Receivables	216.8	284.5	-67.7
Total Current Assets	14,565.4	17,740.7	-3,175.2
Non Current Assets			
Fixed Assets	2,213.3	2,901.8	-688.5
Investments	22,662.7	22,223.6	439.1
Leased Assets	1,844.8	2,139.1	-294.3
Term Deposits	5,930.8	1,212.2	4,718.5
Total Non Current Assets	32,651.5	28,476.8	4,174.8
Total Assets	47,217.0	46,217.4	999.6
Current Liabilities			
Creditors	35.5	28.1	7.4
Current Other Liabilities	746.7	1,048.6	-301.9
Lease Liabilities	61.2	358.6	-297.4
Other Creditors	1,842.7	1,946.3	-103.6
Contract Liabilities	8,544.3	9,467.6	-923.3
Total Current Liabilities	11,230.4	12,849.3	-1,618.9
Non Current Liabilities			
Lease Liabilities	1,914.4	1,914.4	0.0
Non-Current Other Liabilities	108.3	108.3	0.0
Total Non Current Liabilities	2,022.8	2,022.8	0.0
Total Liabilities	13,253.2	14,872.1	-1,618.9
Total Net Assets	33,963.8	31,345.3	2,618.5



Commentary

Strong improvement in net asset base YTD due to

- improvement in investment values held
- profit on sale for Penshurst Manse
- strong bequest income

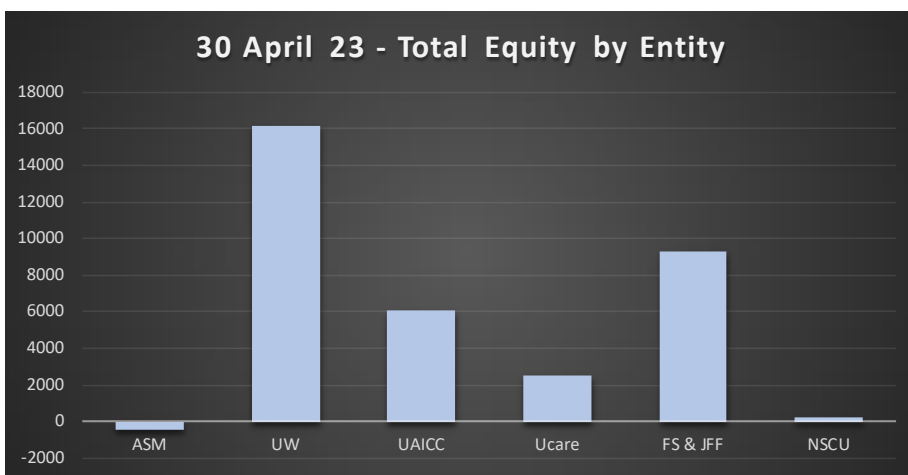
UCANA & Entities

Equity Analysis 30-April-2023

	YTD April 23 \$000	Jun 22 \$000	Var \$000
Unrestricted Equity			
General Fund			
Opening Balance	19,013.2	24,273.2	-5,260.1
Equity movement	0.0	0.0	0.0
Current Year Profit/(Loss)	2,086.2	-5,260.1	7,346.2
Closing Balance	21,099.3	19,013.2	2,086.2
Total Unrestricted Equity	21,099.3	19,013.2	2,086.2

Restricted Equity

Specific Fund			
Opening Balance	9,009.2	6,624.8	2,384.4
Equity movement	0.0	0.0	0.0
Current Year Profit/(Loss)	-72.2	2,384.4	-2,456.6
Closing Balance	8,937.0	9,009.2	-72.2
Endowment Fund			
Opening Balance	3,322.9	3,419.5	-96.6
Equity movement	0.0	0.0	0.0
Current Year Profit/(Loss)	604.7	-96.6	701.2
Closing Balance	3,927.6	3,322.9	604.7
Total Restricted Equity	12,864.6	12,332.1	532.4
Total Equity	33,963.9	31,345.3	2,618.6



Commentary

The National Assembly currently has a balance sheet with a negative equity position

DFAT funds are generally expended fully annually

Emergency Relief Funds raised are expended generally in a short term to maximise relief impact

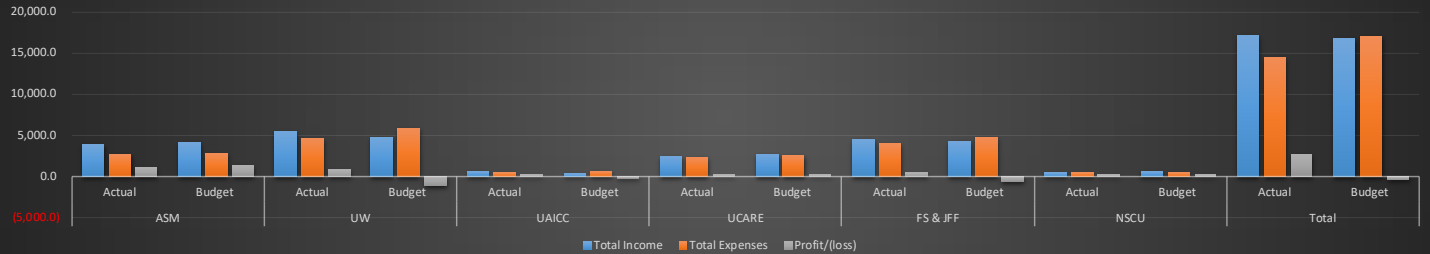
General Donor funds are expended in line with the entities policy but also within acceptable ACNC guidelines.

All Funds - Profit & Loss 30-April-2023

Total Income
Total Expenses
Profit (Loss)

ASM		UW		UAICC		UCARE		FS & JFF		NSCU		Total	
Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
3,799.2	4,059.4	5,423.5	4,749.2	557.0	361.1	2,360.3	2,726.5	4,532.4	4,241.7	455.3	543.1	17,127.7	16,680.9
2,706.4	2,762.1	4,617.6	5,827.7	457.4	541.9	2,317.4	2,547.4	4,035.2	4,816.2	375.2	491.9	14,509.3	16,987.1
1,092.8	1,297.3	805.9	(1,078.5)	99.7	(180.8)	42.8	179.0	497.2	(574.4)	80.0	51.2	2,618.5	(306.2)

YTD April 2023 - Profit and Loss by entity

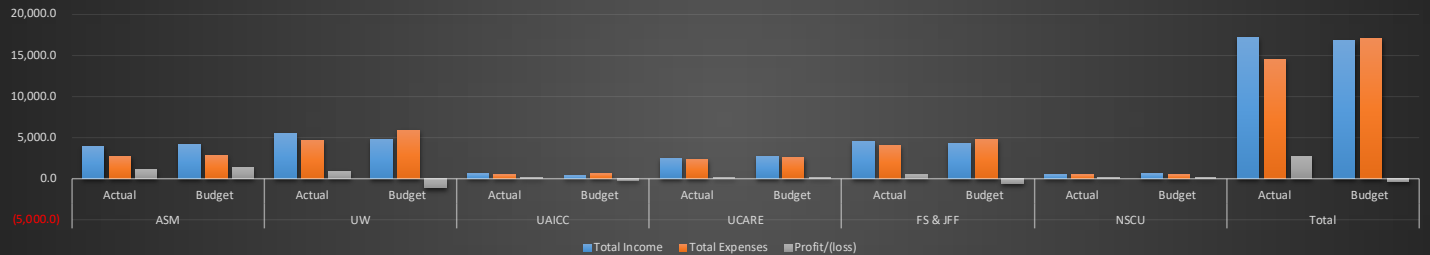


General Funds - Profit & Loss 30-April-2023

Total Income
Total Expenses
Profit (Loss)

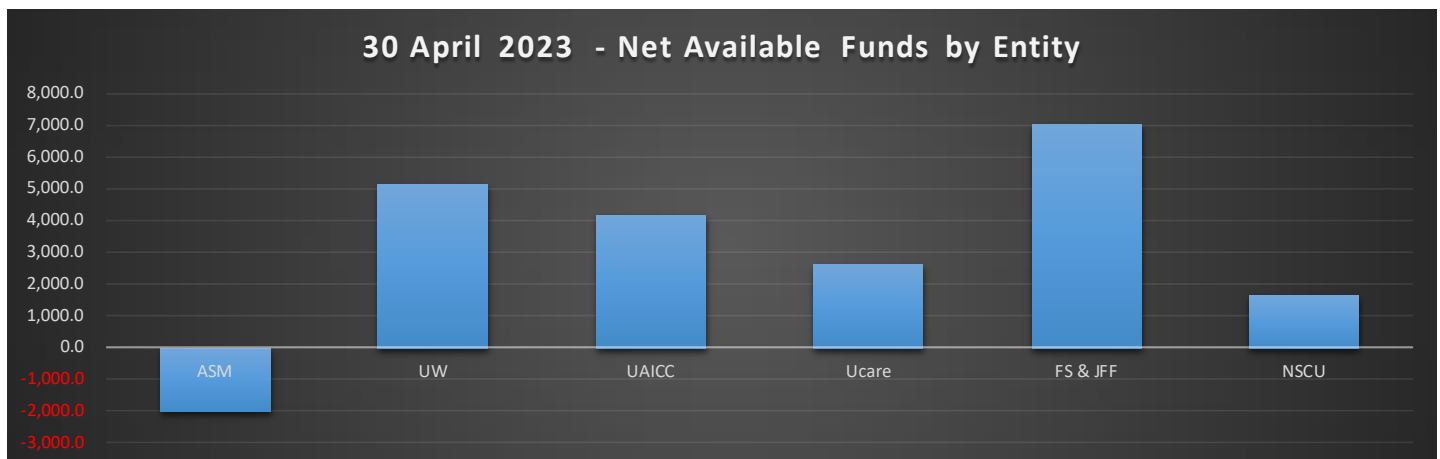
ASM		UW		UAICC		UCARE		FS & JFF		NSCU		Total	
Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
3,699.9	4,055.4	1,405.7	1,227.8	557.0	344.9	1,920.4	2,268.1	4,532.4	4,023.0	455.3	543.1	12,570.7	12,462.3
2,559.4	2,592.1	1,304.3	1,477.3	440.6	525.2	1,773.0	2,044.1	4,035.2	4,533.6	372.1	491.9	10,484.6	11,664.2
1,140.5	1,463.3	101.4	(249.5)	116.5	(180.3)	147.4	224.0	497.2	(510.7)	83.2	51.2	2,086.2	798.1

YTD April 2023 - Profit and Loss by entity



Statement of Available Funds**Net Available Fund 30-April-2023**

								June	
<i>Code Description</i>	ASM \$000	UW \$000	UAICC \$000	Ucare \$000	FS & JFF \$000	NSCU \$000	Total \$000	Last year \$000	Var. \$000
Net Assets	-418.7	16,163.9	6,105.6	2,548.1	7,027.5	2,310.1	33,736.5	31,345.0	2,391.5
Less, Property	568.7	1,278.3	0.0	0.0	0.0	40.8	1,887.7	2,491.4	-603.7
Less, FFE and other	121.0	161.8	1.0	20.9	0.0	20.1	324.8	400.9	-76.1
Sub-total monetary funds	-1,108.4	14,723.9	6,104.6	2,527.1	7,027.5	2,249.2	31,524.0	28,452.7	3,071.3
Less, Trust Funds									
Specific	570.6	4,971.7	1,901.4	-81.7	0.0	0.0	7,362.0	9,009.0	219.6
Endowment	337.7	4,611.9	43.7	0.0	0.0	636.1	5,629.4	3,322.0	-1.9
Total Trust Funds	908.3	9,583.6	1,945.1	-81.7	0.0	636.1	12,991.4	12,331.0	660.4
Net Available Fund ("free cash")	-2,016.7	5,140.3	4,159.6	2,608.9	7,027.5	1,613.1	18,532.6	16,121.7	2,410.9



	General Funds Budget 23/24						
	ASM	UW	UAICC	UCARE	NSCU	FS&JFF	Total
Income							
Grants		207.0				250.0	457.0
Contributions	2,830.0		300.0	1,844.8	567.5		5,542.3
Donations & Bequests	0.0	1,088.8				4,543.1	5,631.9
Fees for Services	90.0					130.0	220.0
Investment Income	148.8	443.9	152.3	55.8		382.3	1,183.1
Other Income	103.9	1,500.0		49.6		388.0	2,041.5
							0.0
Total Income	3,172.7	3,239.7	452.3	1,950.2	567.5	5,693.4	15,075.8
Expenses							
Staff Expenses	2,090.6	881.5	176.2	1,303.3	440.3	1,627.8	6,519.7
Office Occupancy	119.9		5.9	177.5	11.7	141.6	456.6
Professional & Consultancy Fees	168.4		16.7	85.4	36.5	277.3	584.3
IT, Finance and HR Support	159.1		15.1	83.5	15.5	121.4	394.6
Advertising & Promotions	5.1		5.0	21.0	1.9	454.3	487.3
Grants Expenses	545.6		0.0	0.0	0.0	2,770.8	3,316.4
Communications	35.3		1.0	23.6	3.2	170.4	233.5
Travel Domestic	166.9		59.0	84.2	29.0	112.3	451.4
Travel Overseas	12.2		10.8	0.0			23.0
Claim Expenses	0.0		0.0			10.0	10.0
Other Expenses (incl Board&Govern)	142.4	15.2	179.7	141.1	22.3	251.0	751.7
Program Related						117.0	117.0
Community Engagement *							0.0
Fundraising (non wage cost) *		403.8					403.8
Adminstration (non wages cost) *		605.3					605.3
Depreciation & Insurance	84.2			38.2	7.1		129.5
Total Expenses	3,529.7	1,905.8	469.4	1,957.8	567.5	6,053.9	14,484.1
Profit/(Loss)	(357.0)	1,333.9	(17.1)	(7.6)	0.0	(360.5)	591.7
* to be split across natural accounts							

	All Funds Budget 23/24						
	ASM	UW	UAICC	UCARE	NSCU	FS&JFF	Total
Income							
Grants		2,198.6				250.0	2,448.6
Contributions	2,913.8		300.0	3,179.7	567.5		6,961.0
Donations & Bequests	88.9	2,722.1				4,543.1	7,354.1
Fees for Services	90.0					130.0	220.0
Investment Income	148.8	535.2	212.5	55.8		382.3	1,334.6
Other Income	103.9	1,600.0		49.6		388.0	2,141.5
							0.0
Total Income	3,345.4	7,055.9	512.5	3,285.1	567.5	5,693.4	20,459.8
Expenses							
Staff Expenses	2,034.5	2,053.6	209.0	2,179.7	440.3	1,627.8	8,544.9
Office Occupancy	119.9	105.5	5.9	189.5	11.7	141.6	574.1
Professional & Consultancy Fees	168.4		16.7	143.5	36.5	277.3	642.4
IT, Finance and HR Support	159.1		15.1	123.0	15.5	121.4	434.1
Advertising & Promotions	5.1		5.0	46.0	1.9	454.3	512.3
Grants Expenses	665.2	2,930.4	0.0	0.0	0.0	2,770.8	6,366.4
Communications	35.3		1.0	23.6	3.2	170.4	233.5
Travel Domestic	166.9		59.0	334.2	29.0	112.3	701.4
Travel Overseas	12.2		10.8	0.0			23.0
Claim Expenses	0.0		0.0			10.0	10.0
Other Expenses (incl Board&Govern)	142.4	45.2	179.7	205.3	22.3	251.0	845.9
Program Related						117.0	117.0
Community Engagement *		212.1					212.1
Fundraising (non wage cost) *		403.8					403.8
Adminstration (non wages cost) *		605.2					605.2
Depreciation & Insurance	84.2			47.9	7.1		139.2
							0.0
Total Expenses	3,593.2	6,355.8	502.2	3,292.7	567.5	6,053.9	20,365.3
Profit/(Loss)	(247.8)	700.1	10.3	(7.6)	0.0	(360.5)	94.5
* to be split across natural accounts							