



CONFIDENTIAL

RETURNED AND SERVICES LEAGUE OF AUSTRALIA (NSW BRANCH)

**CONFIDENTIAL REPORT TO THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION PURSUANT TO ENFORCEABLE UNDERTAKING DATED 14 MAY 2018**

FIRST ANNUAL REPORT

14 May 2019 – 14 May 2020 (REPORTING PERIOD)

DATE OF REPORT: 1 AUGUST 2020

On 14 May 2018, the Assistant Commissioner under delegated authority accepted an undertaking from the Returned and Services League of Australia (NSW Branch) (RSL NSW) pursuant to section 90-10 of the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012 (Enforceable Undertaking)*.

Under paragraphs 43 and 44 of the Enforceable Undertaking, RSL NSW was required to report to the ACNC regarding the implementation and monitoring of the remediation steps outlined in paragraphs 28 to 42 of the Enforceable Undertaking on a quarterly basis until May 2019. Quarterly reporting is now concluded, and paragraph 45 requires RSL NSW to report to the ACNC annually for the following 24 month period. This report is the first annual report to be delivered and updates the ACNC as to the progress of RSL NSW's remediation of the ACNC's concerns.

This report:

- sets out details of the progress in the Reporting Period, of the implementation and monitoring of steps required to be taken and which RSL NSW has agreed to take;
- provides supporting documentation;
- provides RSL NSW's current evaluation of the effectiveness of the remediation steps taken in this reporting quarter;
- confirms that there have been no known instances of non-compliance with RSL NSW's policies and procedures in the Reporting Period.

Supporting documents are contained in Annexure 1 and are referred to throughout the report by their tab number.

Implementation and monitoring of remedial steps required under the Enforceable Undertaking

Governance

Paragraph 28 – Australian Institution of Company Directors (AICD) Course

1. All Board Members have completed the AICD Course and maintain current AICD memberships. RSL NSW is preparing for a Board election in 2020 and completion of the AICD course (whether prior to election or within six months of appointment) remains a condition of eligibility. This condition has been enshrined in the new RSL NSW Constitution adopted by RSL NSW at its annual Congress in October 2019. A copy of the new Constitution is attached at Tab 1.

Paragraph 29 – Board Induction Pack

2. The Board induction pack continues to be a key source of information for RSL NSW Directors. The form of the Board induction pack is currently under review in preparation for the Board elected at RSL NSW's AGM in December this year.

Paragraph 30 – ACNC Materials

3. The Board induction pack currently includes the ACNC Guidance materials listed at paragraph 30 and requires Board Members to provide written confirmation within one month of their appointment that they have read the materials. This requirement will remain in the updated induction pack and RSL NSW's Company Secretary will be tasked with ensuring confirmation is obtained from new Board Members that they have read the materials.

Paragraph 31 - Executive Management Team

4. Since the last reporting date there has been significant organisational change at RSL NSW. The new structure is set out in the organisational chart attached at Tab 2. More information is set out in the evaluation section of the report below. RSL NSW's new executive management team comprises:

- Mr Jonathan Black - CEO
- Ms Nicole Hasrouni – CFO
- Ms Valentyna Jurkiw – Head of Legal/Company Secretary
- Ms Shannah Baichoo – Head of Marketing and Communications
- Mr Jeff O'Brien – Manager Member Services/State Secretary

Conflicts of Interest

Paragraph 32 - Conflicts of Interest Policy

5. RSL NSW's Conflicts of Interest Policy was reviewed as part of RSL NSW's broader policy review. The policy was adopted by the Board in March this year. A copy of the Policy is attached at Tab 3.

Paragraph 33 - Conflicts of Interest Declarations

6. RSL NSW continues to include a declaration of conflicts of interest as a standing item on all Board meeting agendas.

Paragraph 34 - Conflicts of Interest Register

7. The Conflicts of Interest Register (current as at the date of this report) recording all declarations of conflicts of interests of the Board is attached at Tab 4.

Paragraph 35 - Register of Related Party Transactions

8. A copy of RSL NSW's register of related party transactions (current as at the date of this report) is attached at Tab 5.

Transparency and Accountability

Paragraph 36 - Externally Managed Whistleblower Hotline

9. RSL NSW continues its work with STOpline Pty Ltd which maintains and facilitates RSL NSW's Whistleblower Hotline. A link to the hotline can be found on the RSL NSW website - <http://rslnsw.stoplinereport.com/>.
10. In the last 12 months, only two new whistleblower matters were brought to the attention of RSL NSW, with both of these raised through RSL NSW's Whistleblower Hotline. Of these matters, one was unrelated to RSL NSW. As at the date of writing 9 matters remain open and are being worked through. More detailed information as to the specifics of each matter being addressed is available on request.

Paragraph 37 – Board Expenditure

11. Director expenditure details are published in the members' area of RSL NSW's website. A copy of the most recent report is attached at Tab 6.

Paragraph 38 (a) – Code of Conduct

12. RSL NSW has implemented a staff code of conduct and is working on the implementation of an organisational Code of Conduct as part of its Strategic Plan for the period 2020-2025. The draft Strategic Plan is currently undergoing member consultation. It includes four core organisational values – Respect, Service, Teamwork and Courage. These core values will provide the foundations for the RSL NSW Code of Conduct once the Strategic Plan is agreed by members. A copy of the draft Strategic Plan is attached at Tab 7. More information about the Strategic Plan is set out below.

Paragraph 38 (b) - Fraud Prevention Policy

13. RSL NSW has adopted and circulated a Fraud Prevention Policy amongst its staff. A copy of the Fraud Prevention Policy is attached at Tab 8.

Paragraph 38(c) - Complaints Handling Procedure

14. RSL NSW has adopted a Complaints and Grievance Procedure that is reflective of and appropriate for its simplified organisational structure. A copy of the Complaints Procedure is attached at Tab 9.

Paragraph 38(d) – Risk Management Policy

15. RSL NSW's Risk Management Policy continues to be applied. A copy of the current policy is attached at Tab 10.

Paragraph 38 (e) - Risk Register

16. The fourth quarterly risk review (for the period 1 January 2020 – 31 March 2020) was presented to the Audit and Risk Committee on 22 July 2020, and to the Board at its meeting of 29 July 2020.
17. RSL NSW has been proactive in requiring sub-Branches to manage their legal obligations as charities in their own right. An external audit program was initiated in March 2020 to check compliance with RSL NSW (League-wide) policies and procedures as conveyed in the RSL NSW Constitution, and regulatory requirements. As at the preparation of this report, seven incidents of non-compliance have been referred to RSL NSW's disciplinary tribunal, and several actions from audits have yet to be determined. Several matters on non-compliance and general queries have been passed to the ACNC for determination.

Financial Management and Accounting

Paragraph 39 - Significant Contracts Register

18. RSL NSW's Significant Contracts Register is attached at Tab 11.

Paragraph 40 – Accounting System

19. RSL NSW continues to use Navision (implemented in August 2018) for financial management and accounting.

Paragraph 41 - Expense Policies and Procedures

20. RSL NSW's Financial Management (including expense reimbursement) policies and procedures were provided to the ACNC in RSL NSW's last report. These policies and procedures continue to be applied.

Paragraph 42 - Financial Delegations Matrix

21. Considering the structural changes to the organisation, RSL NSW has reviewed its Financial Delegations Matrix and has created a policy to support it. This policy has been endorsed by the Executive Management Team with a view to it being approved by the Audit and Risk Committee at its next meeting, in September. A copy of the current matrix and supporting policy (draft) is attached at Tab 12.

Current evaluation of the effectiveness of the steps taken in this reporting period

The last 15 months have been significant in the evolution of RSL NSW. At the RSL NSW AGM in October 2019, members voted in favour of a new Constitution and validated key assumptions underpinning the new Strategic Plan, namely to remain a charity and be member-based. The Plan was to be implemented by July 20, but consideration by members has been delayed because of the COVID 19 pandemic. The Plan is to be implemented over five years at a cost of approximately \$23 m which is yet to be approved by the Board.

The Plan puts the case for organisational change and identifies key challenges to its implementation. These challenges are accompany the ongoing work being done by RSL NSW to rebuild trust amongst membership and in the community following the findings of the Bergin Enquiry. They include:

- management of a declining (and aging) membership;
- addressing imbalances in financial resources across the sub-Branch network; and
- the need for RSL NSW to reassert its purpose and relevance.

Overall, the Plan recognises that in the last five years a number of smaller ESOs and VSOs have entered into the veteran support environment and are providing specialist services, particularly to younger veterans. In this regard, RSL NSW has recognised that the opportunity for it is to:

“Support veterans and their families through access to services that improve their health and wellbeing; assist in transition to civilian life and connection to community and foster camaraderie and commemorate services.”

RSL NSW will be working towards achieving this goal within its agenda of governance and compliance reform.

The ACNC was notified of the organisational changes that were put in place at Board and CEO level in the second half of 2019. These changes have extended to a review of the whole of the ANZAC House structure to ensure that the objective described above can be achieved efficiently and within the financial means of the charity. The review has been expedited to an extent by the Covid-19 pandemic, which has required ANZAC House to respond to an uncertain economic landscape to ensure its sustainability. To this end RSL NSW has:

- transferred its welfare and advocacy service, known as RSL DefenceCare to RSL LifeCare (effective 3 August 2020);
- transferred its veterans sport program, known as VSA to Australian Military Games Limited – the organisation responsible for the Invictus Games;
- reviewed its operational structure to retain an experienced and dedicated team, committed to delivering the charitable purpose and the objectives set out in the Strategic Plan.

As the ACNC is aware, 2020 is an Election Year for RSL NSW. RSL NSW is confident that the governance and compliance structures currently in place are robust and can properly support a new Board to lead the organisation in properly delivering its objectives.

RSL NSW
July 2020

A handwritten signature in blue ink, appearing to read 'Jon Black', is positioned above the printed name and title.

Jon Black
Chief Executive Officer