

Directors

As Director I am obliged to inform you that I have become aware of a material breach of DTE Rule 53(1)(b):

“all money received by the Co-operative is to be paid into an account specifically setup for that purpose only, as soon as possible after it is received.”

The only DTE bank account nominated to receive funds is the CSB DTE Investment account (BSB 633000 / Account 156881872).

On 8<sup>th</sup> February 2021, \$150, a loan received by DTE, has been paid into another DTE bank account (BSB 633000 / Account 156882433).

The use of this money constitutes misappropriation as cooperative members have not authorised the appropriation of this money, nor has the Board or Committee of the Board approved the disbursement and consumption of these funds.

To fix this situation, \$150 should be transferred from this bank account into the DTE Investment Account, and a budget application of \$150 should be made. Members should also be informed to avoid a repeat of this situation.

For further information, please refer to the attached email sent by the Cooperative Secretary on 30 September 2020 regarding donations made by Malcolm Matthews.

I consider this a more serious situation than the donations from Malcolm because;

1. The person responsible for this loan was aware of DTE Rule 53(1)(b) as they wrote the attached email regarding Malcolm's donation.
2. Malcolm was clear that his payment was a donation. The \$150 is described as loan which the provider is expecting to be returned. This is committing DTE to expenditure which DTE has not approved.
3. Malcolm made his donation as he was concerned that important work on site could not proceed without fuel. Attempts to provide funding from the OC were blocked by the Board. The person who made the \$150 loan had other options to resolve the lack of ICT funds.

Regards,  
Kathy Ernst  
DTE Director

See below for email sent on 30/09/20 advising of Breach of DTE Rules 53(1)(b) and 56(1)

## **Breach of DTE Rule 53(1)(b) and 56(1)**

1 message

**Cooperative Secretary** <secretary@dte.coop> 30 September 2020 at 13:00

To: DTE Directors <directors@dte.coop>

Cc: "fincom@dte.coop" <fincom@dte.coop>

Directors

As secretary I am obliged to inform you that I have become aware of a material breach of DTE Rules 53(1)(b):

“all money received by the Co-operative is to be paid into an account specifically setup for that purpose only, as soon as possible after it is received.”

The only DTE bank account nominated to receive funds is the CSB DTE Investment account (BSB 633000 / Account 156881872).

This account is used to receive income from interest, membership applications, member levies, fines and fees, revenue from ticket sales and market stalls, revenue from sale of water rights, asset disposals and cash donations.

Here are a series of transactions totalling \$610 from DTE bank account (BSB 633000 / Account 162212617) representing donations received:

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Use of these funds constitute misappropriation as cooperative members have not authorised the appropriation of this money, nor has the Board or Committee of the Board approved the disbursement and consumption of these funds.

[To fix this situation, \\$610 should be transferred from this bank account into the DTE Investment Account, and a separate budget application of \\$610 for fuel should be applied for against the current OC appropriation. Members should also be informed to avoid a repeat of this situation.](#)

Furthermore, if this was a private fundraising for the account controller, then the funds should have been deposited into their

personal bank account, not the bank account of an audited public organisation.

DTE bank accounts cannot be used as a clearing house of funds intended for third parties, especially for members as it would

breach DTE Rule 56(1):

“The funds and property of the Co-operative shall be applied solely towards the carrying out and promotion of its primary activity (Appendix 2 Part 2) and no part shall be paid, loaned or transferred directly or indirectly by way of discount, rebate or otherwise by way of profit to members of the Co-operative, individuals or other organisations. Provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration to any officer or servant or to any member of the Co-operative in return for any services actually rendered to the Co-operative nor prevent the payment for out of pocket expenses as agreed by the Board or a Committee of the Board.”

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This issue would also have been relevant to a recent proposal by the facilitator of Aboriginal Heritage to receive an external grant into a DTE bank account for personal use. I understand this proposal has been subsequently withdrawn.

While these initiatives are well intended we must recognise that in their current form, they contravene DTE rules.

Members procuring external grants and donations on behalf of the cooperative can be encouraged, however, automatic consumption of these funds without proper appropriation and Board/Committee approval is against the rules.

Regards,

Troy