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Governance

Company directors release NFP study

The Australian Institute of Company Directors (AICD) has released its sixth study of not-for-profits' governance and performance.

Conducted by research firm Baxter Lawley on behalf of the institute and sponsored by the Commonwealth Bank, the study highlights many of the challenges and priorities facing the NFP sector, including financial sustainability, mergers and collaborations, and NFPs' relationships with governments.

For the first time, the study also shines a light on governance practices and challenges of arts and cultural organisations and the complexities of federated structures.

More than 2900 directors from a diverse range of NFPs participated in the study, making it the largest survey of NFP governance in Australia.

Key findings included:

- Close to a third of NFPs had discussed mergers in the past year. Seven per cent had merged and a further 7 per cent were

in the process of merging. The push for consolidation was greatest among NFPs with incomes above \$10 million or those operating in social services and development. Only 15 per cent of NFPs with annual incomes of less than \$250,000 had considered a merger, and entities in the arts, philanthropy, and sports and recreation were least likely to have discussed it

- Financial stability remained the major concern for most NFP directors: four of the six highest priorities for directors related to financial health. These included maintaining or building income, diversifying income sources and managing costs
- Directors involved in international activities (34 per cent) were far more likely to rate their efficiency as high compared with directors working in professional associations (17 per cent), religious activities (15 per cent) and in sport, recreation and social clubs (11 per cent)

- Eight per cent of NFP directors discussed over the past year the closure of their organisations
- On average, directors gave the federal government a score of 4.6 out of 10 for understanding the NFP sector. The reasons given for the low scores included the recent drawn-out consideration of the future of the Australian Charities and Not-for-profits Commission (ACNC), the reduction of funding to the sector and reforms in procurement
- Eighty-seven per cent of NFP directors were volunteers. Among those who were paid, the average remuneration was \$25,700 and the median \$17,000, and
- On average, survey respondents spent 24 hours a month working as directors.

Check out this study and others profiled below. They provide valuable insights into the sector. Include them on your agendas for future governance meetings. For the larger charities, the studies and reports provide ideal material for a governance retreat.

Community directors release survey on NFP governance

The Institute of Community Directors Australia has released the results of a survey on NFP governance and financial oversight. The survey was conducted earlier in 2015 and asked questions of 845 senior NFP representatives. The results are presented in a report that offers interesting insights into governance and financial oversight.

Ten key findings are listed in the table (right).

Visit www.ourcommunity.com.au/nfpinsights to view the report in full and find out how your organisation compares.

Pro Bono profiles NFP sector

Advocacy, sector collaboration and improving the methodology of government-funding agreements are the top priorities for NFPs, according to *State of the Not for Profit Sector*, by Pro Bono Australia. The sector also pointed to capacity building, human capital, red-tape reduction, the continuation of the ACNC and measuring social impact as further priorities.

The survey consulted 1100 leaders, volunteers and managers about the issues the sector faces.

Key findings included:

- Ninety-nine per cent said that the priority of governments should be to commit to improving funding agreements
- Federal-government funding procedures were almost universally seen as having a negative impact on the sector (93 per cent). A commitment to a minimum of three-year contracts was rated highest (94 per cent), followed by a commitment to a six-month “end of notice” period (92 per cent)
- Eighty per cent confirmed support for the ACNC
- Half of the respondents revealed that their organisations spent less than 2 per cent of their budgets on capacity building, including education and training. Four out of five organisations spent less than 5 per cent. Seventy-five per cent said they would like to spend more on capacity building, particularly in the areas of leadership and management, strategy and governance, and
- Most said their organisation was measuring financial performance well, but they were not doing such a good job on measuring social outcomes and performance-measurement in the specific populations they served, such as children and young people.

You should read the report to get a snapshot of the state of the sector. You can view the *Pro Bono Australia State of the Not for Profit Sector report [PDF]* online.

Topic	Finding
Understanding finances	Fifty-six per cent of respondents agreed that most board members had a good understanding of their organisations’ finances. Only 16 per cent believed that all members of the board had a good understanding of the finances of the organisation they were governing
Treasurers	Fifty-three per cent of community groups had difficulty recruiting treasurers to oversee their finances, 5 per cent of NFPs paying their treasurers (traditionally an honorary position), rising to 11 per cent for larger NFPs
Fraud	Six per cent of organisations surveyed had experienced fraud in the past three years, 60 per cent of them unreported to police. The bigger the organisation, the higher the rate of fraud. It was estimated that Australian NFPs could be losing up to \$38 million to fraud each year
Risk management	Thirty-one per cent of organisations believed that they didn’t need any formal risk-management processes because they trusted their staff. Nonetheless, 79 per cent of reported frauds were perpetrated by trusted insiders
Funding sources	Sixty-three per cent of large NFPs relied primarily on government contracts and grants for funding, while almost one in five sourced the largest part of their income from trading activities or service provision
Cyber-crime	Twenty-nine per cent of respondents said that their organisation wasn’t doing enough to protect against cyber-crime, while a further 39 per cent were not sure if their organisation was doing enough
Funding continuity	Eighty-five per cent said it was becoming harder to find consistent and regular funding. But despite the challenges, NFPs continued to expand their operations
Raising revenue	Twenty per cent of organisations said that the past year had been the most challenging for raising revenue
Mergers	Fifteen per cent of respondents said they expected to take part in a merger in the next 12 months
Overheads	Fifty-six per cent of organisations were feeling pressure to reduce overheads. Half of these said that most of the pressure was coming from their own board

New report shows charity-sector’s size

Australia’s charity sector has a combined income of \$103 billion, according to a new ACNC report.

The *Australian Charities Report 2014*, produced in collaboration with the Centre for Social Impact and the Social Policy Research Centre at the University of New South Wales, is the first in-depth analysis of the Australian charity sector’s financial situation.

It will help us to understand more about the sector’s needs, concerns and challenges. It also provides a rich source of data for new lines of research and analysis.

Almost \$7 billion of charities’ total income comes from donations and bequests. The top 5 per cent of charities by size received 80 per cent of the sector’s total take. Charities spent \$95 billion pursuing their purposes, the remaining \$8 billion set aside for future charitable investment.

The report also found that Australian charities employ more than a million people – a large part of the work force. When considered alongside the numbers of volunteers – around two million – you begin to get a well-rounded picture of the sector’s size.

The report also focuses on what charities do. The most common activities are religion, education and research, and health. Education and research was the biggest activity in

terms of income, followed by health, and development and housing.

In addition to the full report, the ACNC, the Centre For Social Impact, and the Social Policy Research Centre will publish summary reports by sector.

The *Australian Charities Report 2014* and the sector summary reports are available free of charge at australiancharities.acnc.gov.au.

Online tool to set up co-ops

The national peak body representing co-operative and mutual enterprises has launched an online resource to set-up and run collaborative projects.

The Business Council of Co-operatives and Mutuals (BCCM) said *Get Mutual* was aimed at addressing a lack of free and accessible resources available for people and communities wanting to use the successful co-operative model.

The sector accounts for 7 per cent of Australia’s GDP, and BCCM’s CEO Melina Morrison said co-ops and mutuals were gaining in popularity as a localisation trend grew. Ms Morrison said: ‘Co-operatives are coming back into favour since the global financial crisis as a self-help response to chronic issues such as unemployment and affordable housing, but we have lacked a coordinated effort to provide the education and information resources to help people help themselves.’

‘Co-operatives have always been used by groups to address their shared social and economic issues, such as farmers wanting to get a fair farm gate return for their produce, parents wanting affordable childcare, people wanting accessible primary health care and increasingly, communities coming together to launch renewable energy ventures or to gain access to high-quality local produce.’

Get Mutual provides free toolkits, links to reports and supporting organisations, a service that connects groups with advisors and experienced professionals to help with the development of co-operatives. The website also posts Pathfinder Public Service Mutuals case studies, developed with funding from the Department of Social Services. The case studies provide information about successful Australian co-operatives that deliver services in housing, disability employment, GP clinics and aged care.

Good-governance guides for NFPs

Managing real, potential and perceived conflicts of interest is essential for charities if they are to protect their reputations.

Conflicts of interest – both perceived and real – are common but problem-free if properly managed.

To help charities handle potential problems, the ACNC has launched a new guide, *Managing conflicts of interest*.

The guide provides practical advice and case studies. It defines conflicts of interest and the steps charities can take to identify, prevent and manage them.

It explores board members’ disclosure duties and answers some of the sector’s most frequent questions on the topic. It also provides a template policy and a register of interests to help charities manage conflicts of interest.

While written in the context of charities, the guide’s principles have application to all NFPs.

Managing conflicts of interest – a guide for charity board members is available for download at acnc.gov.au/conflictsofinterest.

The Governance Institute Australia makes available the following good-governance guides to help the NFP sector:

- Board structure
- Separation of authority between board (council) and management
- Stewardship and social responsibility
- Volunteer management
- Conflicts of interest, and
- Risk-management policy.

The institute has also issued three good-governance guides applicable to all entities. They are:

- Issues to consider when developing a policy on delegations of authority
- Issues to consider in board evaluations, and
- Issues to consider when developing a policy on bribery and corruption.

The ACNC’s guide and the Governance Institute’s good-governance guides provide NFPs with a good basis from which to develop their own internal policies and procedures. The guides also provide benchmarks for internal audit engagements.

ACNC activities

Thousands of charities on notice

The ACNC has warned 8000 charities that they will soon be at risk of revocation if they don’t submit overdue reporting. Their 2014 annual information statements are almost a year overdue.

The charities already have red marks against their names on the charity register, telling the general public that they have not met their obligations. If they miss the deadline for submitting the 2015 statement they will lose their charity status.

To maintain registration with the ACNC, charities with overdue 2014 statements should submit them as soon as possible.

The ACNC will soon be reminding charities to submit their 2015 statements.

Check to see that you have lodged your 2014 statement.

ACNC delists more than 350 charities

The ACNC recently revoked the status of more than 350 charities, which will lose commonwealth tax concessions.

The charities failed to complete their 2013 and 2014 annual information statements despite many reminders.

Only charities registered with the ACNC receive tax concessions.

ACNC registration is required to access several commonwealth concessions, including income-tax exemption, fringe benefit rebates and exemptions, and GST rebates. Some deductible-gift-recipient (DGR) categories also require charities to be registered with the ACNC.

The ACNC will notify the ATO of the revocations.

Errors information updated

Registered charities have had to provide financial information for the first time in their 2014 annual information statements.

For some smaller charities, they will be providing financial information for the first time to any regulator. The commission contacted thousands of registered charities and asked them to review their financial information and correct errors and other inconsistencies.

The ACNC has updated the charity register with the corrected information. It is expected that there will be fewer errors in coming years as charities become familiar with their ACNC financial-reporting obligations.

Those few charities that are still to take action on errors should do so as soon as possible. The commission will soon be reminding charities that have not yet corrected errors to do so.

Penalties for making information-statement errors

The ACNC will not penalise charities for making errors. However penalties can be applied when the commission has told charities to fix errors and they have failed to do it.

Errors should be corrected as soon as possible to avoid penalties. Charities have an ongoing obligation under the ACNC legislation to report correctly to remain registered.

The table on the following page provides information about the penalties that the commission can impose.

Penalties for making information-statement errors

How penalty arose	Charity size	Base penalty	If penalty can be reduced	Maximum penalty
False or misleading statement made with <i>intentional disregard</i> of the ACNC Act by the charity or its agent	Any	\$10,800 (60 penalty units)	Yes – to \$8640 (20 per cent reduction) or to zero depending on the circumstances	\$12,960 (20 per cent increase)
False or misleading statement made with <i>recklessness</i> by the charity or its agent as to the operation of the ACNC Act		\$7200 (40 penalty units)	Yes – to \$5760 (20 per cent reduction) or to zero depending on the circumstances	\$8640 (20 per cent increase)
False or misleading statement made with a <i>failure</i> by the charity or its agent to <i>take reasonable care</i> to comply with the ACNC Act		\$3600 (20 penalty units)	Yes – to \$2880 (20 per cent reduction) or to zero depending on the circumstances	\$4320 (20 per cent increase)

A penalty unit is \$180 under section 4 of the *Crimes Act 1994* (Cth).

Regulatory-approach statement updated

The ACNC has released a revised regulatory-approach statement, its first section outlining its roles and responsibilities and the values that guide it.

The second section sets out how the commission exercises its functions and powers to encourage compliance and manage non-compliance.

The new statement focuses on improving clarity, addressing any omissions or out-of-date information and ensuring consistency with current and best practice. The main changes are:

- Redrafting the 'functions' section to improve clarity
- The inclusion of legislated regulatory principles
- Update on how the ACNC assesses risk to accord with current practice, and
- Revising the text in the ACNC regulatory pyramid to improve consistency with the ACNC Act and compliance practice.

The statement is available at acnc.gov.au/regulatoryapproach.

Data-sharing agreement to reduce red tape

The ACNC and the Australian Business Register (ABR) have signed an agreement to facilitate the transfer of information between the two agencies.

Inconsistencies between the ABR and the ACNC's charity register have been pointed out, and the agreement allows both parties to work towards a long-term solution. By formally agreeing to sharing data, the agencies can ensure that information displayed by both registers is current and consistent.

The memorandum of agreement specifically sets out:

- The data the ABR and the ACNC will provide each other
- The arrangements under which the data will be provided, and
- How inconsistencies between the two registers will be resolved.

Read the full agreement between the ABR and ACNC and other ACNC memoranda at acnc.gov.au/mou.

Consultation ends on 2016 AIS

The ACNC recently concluded its consultation on the nature of the 2016 annual information statement.

Proposed changes to the 2016 AIS are intended to remove unnecessary questions, improve the way a charity's information is displayed on the register, and provide further clarity on information collected for compliance purposes.

A useful link is on the consultation process is acnc.gov.au/2016AIS

Proposed CIS on 'government entity'

The ACNC is seeking public comments on a draft commissioner's interpretation statement (CIS) on the meaning of 'government entity'. CISs guide charity representatives and ACNC staff on aspects of charity law.

The CIS is trying to clarify the definition of 'charity' in the Charities Act, which provides that a 'charity' cannot be a 'government entity'.

Consultation on the draft CIS is open until 29 January.

Financial reporting insights

Comment period on reporting service performance extended

The closing date for comment on exposure draft 270 *Reporting Service Performance Information* has been deferred from 12 February to 29 April to allow for further engagement with NFPs.

The draft proposes significantly more qualitative and quantitative disclosures by NFPs about their service-performance objectives. It proposes service-performance

information to be reported annually and include information on objectives, key outputs, key inputs used to produce those outputs, outcomes the entity is seeking to achieve and the efficiency and effectiveness in achieving these objectives.

The effect of the proposals will vary according to the extent of disclosure that an entity is providing, for example, in its annual report.

The proposed requirements are likely to challenge some entities depending on their

size, availability of resources and sophistication of systems.

The release of a proposed standard is 'to be determined'.

IFRS for SMEs-based NFP guide

International donors, national regulators and policymakers involved with NFPs will benefit from a new 'how to' guide on financial reporting.

The *Companion Guide for Not-for-profits to International Financial Reporting Standard for Small to Medium Sized Entities (IFRS for SMEs)* produced by the Association of Chartered Certified Accountants (ACCA) helps people operating in the sector to produce more meaningful reports using a recognised global standard.

It works in conjunction with IFRS for SMEs which has been introduced to create consistency in the information provided to stakeholders of small and medium-sized businesses worldwide. NFPs that use the

standard often do not have separate national guidance or a legal framework that deals with their sector's special accounting issues.

Richard Martin, ACCA's head of corporate reporting, said: 'Although the IFRS for SMEs is designed for profit-oriented companies, this guide shows how it can be best used for the not-for-profit sector. We see a need and have tried to fill this gap on an interim basis, but we would welcome and support the development of an IFRS specific to this sector, in due course, which would address more thoroughly the needs of these entities, developed using a more robust due process.'

The guide also contains a section about management commentary and the purpose of its accompanying and complementing financial statements and notes.

Richard Martin added: 'This guide will not just be of benefit to not-for-profits, but also the donors and other stakeholders interested in better financial reporting by them. The stakeholders can get a better understanding of what they're looking at from the accounts and annual reports that they will see of where the money is going and how successful the entities have been in achieving their objectives.'

Audit

Audit guidance affects 31 December acquittals

The Auditing and Assurance Standards Board (AUASB) last year issued guidance statement GS 022 'Grant Acquittals and Multi-Scope Engagements', recognising that a single-subject grant acquittal and a multi-scope engagement may give rise to several practical application problems.

The guidance will affect 31 December acquittals for the first-time.

The issues the statement addresses include:

- Determining which AUASB standards and requirements are relevant and how to apply them
- Planning and performing these types of engagements effectively and efficiently to address multiple objectives, including multiple subject matters and different levels of assurance
- Reporting appropriately in accordance with AUASB standards and engagement mandates, especially when an auditor seeks to release a single-tailored report
- Demands for the use of prescribed auditor's reports, and
- Engagements that require both assurance and agreed-upon procedures.

As a result of the statement, it is expected that the approach to grant acquittals will change significantly. This is likely to result in discussions with governance and management regarding the new rules, revised audit-evidence requirements, further communication with governance, and fees charged for the services provided.

Controls-assurance standard effective 1 January

The new standard on assurance engagements ASAE 3150 'Assurance Engagements on Controls' is operative for assurance engagements commencing on or after 1 January. It is expected that the audit approach to assurance engagements on internal control will require reconfirmation with governance and management.

It gives requirements, their application and other explanatory material for the acceptance, planning, conduct and reporting of assurance engagements on controls other than those to which ASAE 3402 is applicable. ASAE 3402 applies to assurance engagements on controls at a service organisation that are likely to be relevant to user entities' internal control as it relates to financial reporting.

The ASAE 3150 replaces existing standard AUS 810 'Special Purpose Reports on the Effectiveness of Control Procedures', last revised in 2002.

The requirements and application material ASAE 3150 provides are additional to those contained in ASAE 3000 'Engagements Other than Audits or Reviews of Historical Financial Information'. ASAE 3150 is therefore required to be applied in conjunction with ASAE 3000.

ASAE 3150 applies to both reasonable and limited assurance engagements, as well as both direct engagements, where the assurance practitioner evaluates the controls, and attestation engagements, where the responsible party, usually on behalf of the entity, evaluates the controls and makes a statement on the outcome of the evaluation.

ASAE 3150 requires the assurance practitioner to draw conclusions on the suitability of the design of controls to achieve identified control objectives for every engagement. In addition, the assurance practitioner may be engaged to conclude either at a specified date on the fair presentation of the description of the system and/or implementation of controls as designed or throughout the period on the fair presentation of the description of the system and/or operating effectiveness of controls as designed.

State and Territory-based regulators and the ATO

ACT government changes charity definition

The Australian Capital Territory's *Revenue (Charitable Organisations) Legislation Amendment Act 2015* has redefined charities, closing off charitable deductions for some peak bodies.

Under the new legislation, peak bodies and professional groups will no longer be able to claim charitable status unless they can qualify for an exemption. The legislation affects professional organisations, peak industry bodies, political parties, industrial organisations and organisations that promote trade, industry and commerce.

Amendments to the Duties Act 1999, the Taxation Administration Act 1999, the Payroll Tax Act 2011 and the Rates Act 2004 regarding charitable tax exemptions came into force on 25 November. They exclude a narrow set of organisations from accessing tax exemptions available under these Acts.

The amended Act can be found at <http://www.legislation.act.gov.au/a/2015-48/default.asp>.

WA's new laws for associations and clubs

New simplified Western Australian regulations aim to help associations and clubs operate more efficiently.

The new laws will replace the *Associations Incorporation Act 1987* and will apply to Western Australian incorporated associations.

The changes are expected to come into effect on 1 July and will cover more than 18,000 associations, including community and cultural organisations, sporting clubs and professional and industry bodies.

A three-tiered financial-reporting system will be introduced that will ensure that associations with less than \$250,000 annual revenue, which are largely run by volunteers, are not subject to the same reporting obligations as medium sized and larger associations that generate significantly more revenue. Financial-reporting requirements will vary for each tier.

Incorporated associations will continue to report only to their members. However, the department can intervene in exceptional circumstances."

Other changes include:

- A modernised statement of the duties that are owed by committee members, reflecting their commitment to act in the best interests of the incorporated association and its members
- A process for appointing a temporary statutory manager if the incorporated association is not functioning effectively
- Removal of the restriction on an incorporated association carrying on business or trading, provided that all profits from these ventures are applied solely towards achieving the incorporated association's objects or purposes and are not used to secure pecuniary profit to members
- Internal dispute-resolution processes to be in place with the option of taking the dispute to the State Administrative Tribunal if unresolved, and
- A three-year transition period to allow incorporated associations to update their rules and constitution.

South Australia reduces charity red tape

The South Australian government has introduced legislation to remove charities' duplicate licence and reporting requirements.

The legislation will exempt charities that are registered with the ACNC from reporting requirements under the SA Associations Incorporation Act, and from the need for a separate South Australian fundraising licence.

It also abolished the need for different fundraising licences for events and general fundraising, combining them into one licence category for non-ACNC registered charities.

SA animal charity loses licence over gambling links

A South Australian animal charity has lost its licence amid allegations that funds raised were being used for gambling.

Liquor and Gambling commissioner, Dini Soulio, says Help Save the Furry Ones, which raised funds as an animal shelter, has had its charity licence revoked.

Consumer and Business Services (CBS) received information alleging that some of the funds the charity raised were being transferred

to a company associated with online casinos. CBS investigations also indicated that other accounts associated with the charity had not been audited, as is required under the Collection for Charitable Purposes Act. CBS has put the allegations to the licence holder, but she has failed to respond.

The commissioner made a determination that funds being raised for a charitable purpose were being mismanaged or misapplied and the licence was revoked. 'The operator of Help Save the Furry Ones is no longer allowed to solicit funds, and I would warn South Australians not to donate to this organisation,' said Commissioner Soulio.

Federal Court decision on SPED appeal

A Federal Court decision in *The Study and Prevention of Psychological Diseases Foundation v Commissioner of Taxation* has gone in favour of the ATO.

The appeal related to the retrospective revocation of endorsements for charity tax concessions and deductible gift recipient status of the applicant, The Study and Prevention of Psychological Diseases Foundation Inc. (SPED).

The Administrative Appeals Tribunal originally confirmed a commissioner's decision that SPED was neither a 'charitable institution' nor a 'health promotion charity' and to revoke the entity's endorsements.

SPED claimed its principal activities were research carried on by members 24 hours a day, seven days a week. The tribunal did not accept this, finding that SPED's activities were predominately the ordinary activities of life and were carried out for the personal benefit of SPED's members.

Tax and Superannuation Laws Amendment (2015 Measures No. 5) Bill 2015

The *Tax and Superannuation Laws Amendment (2015 Measures No. 5) Bill 2015* has passed parliament. One of the changes introduces a \$5000 cap on entertainment benefits and will be relevant to certain NFP employees.

Those affected will no longer be able to salary-sacrifice an unlimited amount of remuneration on entertainment benefits, such as restaurant dining and overseas and local holidays, without tax implications.

Future in focus

2015 AISs due date extended to 31 January

Registered charities that use a 1 July–30 June reporting period can log into the ACNC's charity portal, and lodge their 2015 AISs. These charities will have until 31 January, instead of 31 December, to submit their 2015 statements, a one-month extension.

Charities that use a different reporting period are required to submit their AISs within six months. Registered charities that report on a calendar-year basis, for example, will be required to submit by 30 June.

The ACNC has published guidance to help registered charities meet their reporting obligations. Visit acnc.gov.au/2015AIS or call 13 ACNC or email advice@acnc.gov.au.

Ancillary-funds returns need lodging by 26 February

Ancillary funds are reminded that they need to lodge their 2015 returns with the ATO by 26 February.

The tax office recently sent a letter to organisations endorsed as public and private ancillary funds to advise them of their obligations.

ACNC's strategic plan for 2015–18

The ACNC has launched a strategic plan for 2015–18. The commission's priorities are:

- Maintaining and enhancing public trust and confidence in charities
- Supporting charities to be healthy and sustainable
- To make it easier for charities by driving regulatory and reporting simplification, and
- Sustaining an independent, transparent and well-governed ACNC with a positive culture and a strong customer-service focus.

The commission will continue working with other commonwealth, state and territory regulators, and take a leadership role in best-practice charity regulation nationally and internationally. Red-tape reduction is a key focus.

Highlights of the strategic plan are to:

- Develop a fully populated charity register with usable, accessible and accurate data
- Analyse and report on charity data to demonstrate the contribution of the sector to the Australian community and identify sector trends
- Ensure a high take-up by government departments of the charity passport to drive red-tape reduction
- Develop and maintain a high-calibre workforce that can effectively deliver the ACNC's strategic priorities.

The 2015–18 plan is available at acnc.gov.au/strategicplan

Unincorporated association – template rules

With assistance from Justice Connect's Not-for-profit Law, the ACNC is developing a set of rules that an unincorporated association may use if it wishes to register as a charity.

For unincorporated associations, it can be a challenge to write a governing document that adequately covers its processes and meets the requirements of charity registration. The ACNC proposes to offer a template that unincorporated associations can adapt with relative ease for their own purposes.

First-class returns and first-class governance

Industry Super Australia (ISA) and the Australian Institute of Superannuation Trustees (AIST) have announced that they will commission a review by former RBA governor and Treasury secretary Bernie Fraser that will lead to the development of a best-practice governance code of conduct for not-for-profit super funds – including industry, government and corporate funds – by 30 April.

The review will assess global best-practice pension-fund governance and develop a conduct code that would be mandatory for ISA and AIST member funds and complement APRA prudential standards and guidance.

Inside GAAP Consulting

On the client front

Colin Parker's presentation to more than 100 CFOs at CFO series was entitled 'Know Your Financial Reporting Risks – Today and Tomorrow' with a particular emphasis on AASB 15 'Revenue from Customer Contracts' and its proposed NFP addendum. A participant told Colin it was thoroughly enjoyable, adding, 'Can't believe how well you know the accounting standards... Wow!'.

Colin also presented a breakfast briefing 'NFP financial reporting and compliance insights' to more than 70 NFP clients and contacts of a leading Victorian accounting firm.

Sonya Sinclair has been appointed a director on the board of the NSW Council for Intellectual Disability (CID). She is CID's governance and risk-committee treasurer. Sonya has also been working with an NFP entity in the disability sector, helping managers with their governance and risk frameworks.

Jim Dixon is joint author of 'Australian Infrastructure Financial Management Guidelines' (2nd edition)', which has just been published by the Institute of Public Works Engineers Australia. Jim has been a consultant to the project since 2007 and has co-authored this edition with John Howard (an engineer) and John Comrie (a government adviser). Local government, water and statutory authorities and governments of all shades are the market. The book is available from the institute.

Carmen Ridley has been discussing some NFP issues at each AASB meeting, for example, Revenue for NFPs proposals including what does 'sufficiently specific' mean and in relation to Service performance reporting proposal, reviewing outcomes from roundtables and encouraging more people to give comments so the AASB can release a document that meets the need of industry and users

NFP GAAPinars

Our 2015 series 2 of 10 GAAPinars included four sessions specifically directed at the NFP sector:

- 'Conducting effective reviews for corporates, charities and associations'
- 'Acquittal audits – understanding and implementing the new AUASB guidance'
- 'Reporting on controls – understanding and implementing this onerous standard', and
- 'NFP accounting and ACNC issues for 31 December year-ends'.

The *GAAP Consulting* team has already started to plan the 2016 GAAPinars. Our first session will start on 3 March 'Update GAAP, GAAS and APESB' with Colin Parker and Justin Reid and it will be free. Our brochure will be released in January.

Please contact Colin to discuss how we can assist you with your training needs and financial reporting questions.



Colin Parker
GAAP Consulting

Contact Us

Should you require any further information about the services provided or our team, please contact:

Colin Parker

Principal, *GAAP Consulting*
Head of the GAAP Consulting Network
Email colin@gaap.com.au
Mobile 0421 088 611
Postal GPO Box 1497, Melbourne, Victoria 3001
Website www.gaap.com.au



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