

Self-evaluation for charities: Meeting your obligations as a registered charity

Introduction



The Australian Charities and Not-for-profits Commission (ACNC) is the national regulator of charities. Our role includes registering organisations as charities, maintaining a public [register](#) of charities, and ensuring charities understand and meet their obligations to the ACNC.

Self-evaluation: Am I meeting my obligations as a registered charity?

This self-evaluation helps your charity assess if it is meeting its obligations, and to identify issues that may prevent it from doing so.

A charity must be registered with the ACNC to be eligible to receive Commonwealth [charity tax concessions](#), which are provided to registered charities in recognition of the important and unique role that they play in our society. With this privilege comes the responsibility for your charity to comply with certain ongoing obligations to the ACNC, including those set out in our Governance Standards.

How to complete this self-evaluation

Before you begin, your charity should consider its circumstances. Ask:

- **What does your charity do?** Think about your objects, the activities and programs your charity delivers, and where these services are delivered.
- **Who is involved?** People your charity comes into contact with, including beneficiaries, volunteers, employees and contractors.
- **How is your charity run?** The mix of skills and experience of the board, how decisions are made, and how the charity is funded.
- **What are the risks most relevant to your charity's work?** Consider your responses to the questions above to identify the risks your charity needs to manage. For example, your charity might encounter risks associated with operating overseas, working with vulnerable people, or working with partners to deliver services.

This self-evaluation poses questions and prompts your charity to describe both the practical steps your charity is taking to meet each of its obligations and to list the relevant policies or procedures.

Where your charity identifies any areas for improvement, you should create an action plan to address those issues. To help, this self-evaluation includes a template action plan your charity can use.

The questions and examples in this self-evaluation are intended as a guide only, as each charity's circumstances are unique. This self-evaluation should not be read as a compulsory or comprehensive list of requirements. And while answering 'no' to any one question doesn't necessarily indicate that your charity is not complying, it should prompt you to look at your charity's wider circumstances, and if it is meeting each of its obligations overall.

Each of the obligations to the ACNC are explained in greater detail throughout this self-evaluation.



The ACNC's Governance Standards

The ACNC has five Governance Standards that deal with how your charity is run (including processes, activities and relationships). The Governance Standards are principle-based and set a minimum level of governance, meaning it is the responsibility of the charity to decide how it will achieve the desired outcome that is proportionate to its size, complexity and nature of operations.

In deciding the steps your charity needs to take to meet the Governance Standards, you should consider your charity's circumstances.

The ongoing obligations of a charity covered in this self-evaluation are:

Governance Standards¹:

1. Governance Standard 1: Purposes and not-for-profit nature
2. Governance Standard 2: Accountability to members
3. Governance Standard 3: Compliance with Australian laws
4. Governance Standard 4: Suitability of Responsible Persons
5. Governance Standard 5: Duties of Responsible Persons

Other ongoing obligations:

6. Record keeping obligations
7. Reporting obligations
8. Duty to notify



A charity's [Responsible Persons](#) are the people responsible for directing a charity, and are members of a charity's governing body – for example its board or committee members, or trustees (including insolvency trustees or administrators). We have referred to the charity's governing body as **'the board'** throughout this document.

¹ [Basic Religious Charities](#) (BRCs) are not compelled to comply with the ACNC Governance Standards, answer financial information questions in their Annual Information Statement or submit annual financial reports to the ACNC. However, **BRCs must still meet all other ongoing obligations.**

The ACNC **strongly encourages** BRCs to operate in a manner which inspires community and public confidence. Implementing measures in line with the ACNC Governance Standards will help them do so, as well as help protect these charities from risks which can arise from poor governance.



Governance Standard 1: Purposes and not-for-profit nature

[Governance Standard 1](#) requires your charity to be a not-for-profit and work towards its [charitable purpose](#). All funds and assets of the charity are charitable funds and must be applied solely to further the charity's purposes and be permitted under its [governing document](#) (also known as a charity's constitution, rules or trust deed).

This does not preclude your charity from keeping money in reserve, investing funds, undertaking commercial activities or spending funds on administration, so long as these activities advance the charity's purposes.

Your charity must not use its funds or assets to provide a personal gain or private benefit to particular people – for example, members, the people who run the charity, their friends or relatives.

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Does your charity's governing document reflect its current purposes?</p> <ul style="list-style-type: none"> <i>Governing document has been reviewed to ensure it remains relevant and reflects charity's current work, purposes and activities.</i> <i>Governing document has been reviewed to allow charity to consider if amendments are required.</i> <i>Obtain professional advice if clarity is needed.</i> 			
<p>2. Can the public find and view information on your charity's purposes?</p> <ul style="list-style-type: none"> <i>Your charity has checked ACNC Charity Register to ensure the current version of governing document is uploaded and publicly available.</i> 			



<p>3. Does your charity ensure its funds and assets are used solely for its charitable purposes and not for the benefit of particular people?</p> <ul style="list-style-type: none"> • <i>The board plans how to pursue its charitable purposes, for example by approving a strategic plan.</i> • <i>The charity has a policy outlining the use of funds and assets, and this use is monitored.</i> • <i>When working with partners, the charity verifies they provide genuine services.</i> • <i>Appropriate financial controls are in place.</i> • <i>The governing document has been checked to ensure it contains appropriate not-for-profit and dissolution clauses, and to consider if any amendments are required.</i> • <i>Professional advice has been obtained if required.</i> • <i>Charity is not breaching the not-for-profit clause in practice by benefiting particular people.</i> 			
<p>4. Does your charity consider how its activities help it pursue its charitable purposes?</p> <ul style="list-style-type: none"> • <i>There is a clear link between current activities and charitable purpose.</i> • <i>A process is in place to monitor and report on the charity's activities, projects and services.</i> • <i>Your charity board plans how to pursue purposes – for example, by ensuring the charity's strategic plan includes implementation steps.</i> 			

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Part 2: Governance Standard 2



Governance Standard 2: Accountability to members

[Governance Standard 2](#) requires your charity to be accountable to its members and allow adequate opportunity for members to raise concerns about how your charity is run. When your charity is transparent and open to members about its activities and finances, members will be in a position to understand the charity's operations and raise questions about its governance.



Governance Standard 2 only applies to charities with members. Your legal structure (for example, if you are an incorporated association, company limited by guarantee, or unincorporated association) and governing document will determine whether your charity has members. **If your charity does not have any members, please move to the next Governance Standard.**

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Does your charity comply with rules in its governing document dealing with accountability to members?</p> <ul style="list-style-type: none"><i>You have reviewed charity processes to ensure they comply with those set out in its governing document.</i>			
<p>2. Does your charity tell its members about its activities, financial circumstances and any significant changes that may occur?</p> <ul style="list-style-type: none"><i>There is regular communication to members through email, newsletter, website, social media.</i><i>Your annual report to members includes financial information and achievements towards the charity's purposes.</i><i>Your charity has a process for communicating any significant changes, and to seek input from members.</i>			

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Part 2: Governance Standard 2



<p>3. Does your charity allow members to ask questions, vote on resolutions and raise concerns?</p> <ul style="list-style-type: none">• <i>Your charity's annual general meeting (AGM) is held in person or via teleconference, and includes a 'question and answer' session.</i>• <i>There is a process in place for members to propose resolutions, and to vote on them.</i>			
<p>4. Does your charity make it clear to members about how they can participate in its governance – for example, being elected and serving as a Responsible Person?</p> <ul style="list-style-type: none">• <i>Your charity's governing document sets out how Responsible Persons are nominated and elected, and is accessible on the Charity Register.</i>			
<p>5. Does your charity know how it deals with members' complaints?</p> <ul style="list-style-type: none">• <i>There is a process in place for receiving, assessing and responding to members' complaints.</i>• <i>There are records kept of members' complaints and resolutions.</i>			

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Part 3: Governance Standard 3



Governance Standard 3: Compliance with Australian laws

Like all Australians, your charity must comply with Australian law. [Governance Standard 3](#) requires the charity to not act in a way that, under Commonwealth, state or territory law, could be dealt with as:

- an indictable offence (a serious crime generally tried by a judge and jury), or
- a breach of law that has a civil (not criminal) penalty of 60 penalty units (currently \$12,600) or more. The value of penalty units is set out in the Crimes Act 1914 (Cth).

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Does your charity know and keep up to date with its local, state/territory and federal regulatory obligations?</p> <p><i>Note: key areas of regulation may include fundraising, employment, work health and safety, and privacy laws.</i></p> <ul style="list-style-type: none">• Your charity stays updated with its obligations by subscribing to regulator and peak body newsletters and checking regulators' websites for any changes that may impact the charity.• Your charity seeks legal advice if uncertain about its obligations.			
<p>2. Does your charity know if it's complying with its regulatory obligations?</p> <ul style="list-style-type: none">• Your charity understands its regulatory obligations.• A process is in place to identify and manage compliance risks, including the risk of misuse from terrorism financing and other serious criminal activities.			

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Part 4: Governance Standard 4



Governance Standard 4: Suitability of responsible persons

[Governance Standard 4](#) requires your charity to take reasonable steps to be satisfied that its Responsible Persons have not been [disqualified](#):

- from managing a corporation under the Corporations Act 2001 (Cth), or
- in the previous 12 months by the ACNC Commissioner from being a Responsible Person.

If your charity is not satisfied this is the case, it must not appoint this person as a Responsible Person. If they are already serving as a Responsible Person, your charity must take reasonable steps to remove them as a Responsible Person for the charity.

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Has your charity searched the ASIC Register of banned and disqualified persons for each of its Responsible Persons, and has it kept a record of this search?</p> <ul style="list-style-type: none"> • <i>A process is in place to check ASIC Register before a Responsible Person is appointed.</i> • <i>A search of the ASIC Register for current Responsible Persons is conducted regularly.</i> • <i>A record of search results is kept.</i> 			
<p>2. Does your charity take other steps to ensure its Responsible Persons are suitable prior to their appointment?</p> <ul style="list-style-type: none"> • <i>There is a process in place for recruiting, screening and appointing new Responsible Persons that includes relevant background checks (these may include referee checks, police checks and Working with Children checks).</i> 			
<p>3. Does your charity take steps to ensure its Responsible Persons remain suitable once appointed?</p> <ul style="list-style-type: none"> • <i>Each Responsible Person is required to:</i> <ul style="list-style-type: none"> ○ <i>sign a declaration confirming that they are not disqualified;</i> ○ <i>understand what it means to be disqualified; and</i> ○ <i>advise the charity if their circumstances change.</i> • <i>There is a record kept of the declarations.</i> 			

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Part 4: Governance Standard 4



4. Does your charity take steps to remove a Responsible Person when they are found not to be suitable?			
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- *There is a process in place to remove a Responsible Person if they are found to be disqualified.*



Governance Standard 5: Duties of responsible persons

Under [Governance Standard 5](#), your charity must take reasonable steps to ensure its Responsible Persons meet specific duties, listed below, and that they understand the responsibilities that they are taking on in their role. It is crucial that your charity's Responsible Persons know and thoroughly understand these duties.

The most common compliance risks that we see involve Governance Standard 5. These include concerns with identifying and managing conflicts of interest, failure to address potential harm to beneficiaries, and financial mismanagement.



It is the responsibility of the charity to take **reasonable steps** to ensure its Responsible Persons comply with Governance Standard 5. Those steps will vary depending on your charity's particular circumstances.

Your charity must take reasonable steps to ensure that its Responsible Persons understand and carry out the following duties:

Governance Standard 5(a): Act with reasonable care and diligence

Your Responsible Persons are in a position to guide and monitor the management of your charity. This duty requires Responsible Persons to be continually informed of the charity's activities and monitor its policies, understand the charity's financial position and to adequately inform themselves and form independent judgements on matters that come to them for decision.

Governance Standard 5(b): Act in good faith in the best interests of the charity and to further its purposes

Your Responsible Persons must make decisions by honestly considering what would be in the best interests of the charity and would further its charitable purposes. Where there is a potential or actual conflict of interest, your Responsible Persons should put the charity's interests above their own interests.

Governance Standard 5(c) and (d): Not misuse the position or information they gain as a Responsible Person

Your Responsible Persons must not use their position, or information obtained through their position, to gain an advantage for themselves or someone else, for example those of family or a company that they control, or to cause detriment to the charity.

Governance Standard 5(e): Disclose any actual or perceived material conflicts of interest

Your Responsible Persons must disclose any situation where they may appear to have a conflict between their duty to act in the best interests of the charity and a personal interest for themselves or someone else. They should not discuss or vote on any matter where there is such a conflict.

Governance standard 5(f): Ensure the charity's financial affairs are managed responsibly

Your charity should have appropriate and tailored financial management systems, processes and procedures in place relative to the size and circumstances of your charity, and the complexity of its financial affairs.

Governance standard 5(g): Not allow a charity to operate while insolvent

Your Responsible Persons must ensure that your charity can pay its debts when they are due. The board should regularly review the charity's financial position and ensure there are enough funds to pay for its activities. The charity must not take on new debts if it will not be able to pay its bills when they are due.

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Part 5: Governance Standard 5



Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Do your Responsible Persons understand their obligations to the charity?</p> <ul style="list-style-type: none"> • Roles and responsibilities are set out in a letter of appointment and any induction process. • A code of conduct sets out expected standards. • Responsible Persons have a copy of the ACNC Governance for Good guide and attend ACNC webinars or other relevant training. 			
<p>2. Do your Responsible Persons understand your charitable purposes?</p> <ul style="list-style-type: none"> • An induction provided to Responsible Persons that includes charity's purposes and its governing document. • Responsible Persons have a copy of the governing document. 			
<p>3. Do your Responsible Persons have the right skills and knowledge for their role?</p> <ul style="list-style-type: none"> • The board reviews its Responsible Persons' skills and evaluates its own performance. • The board considers training needs for Responsible Persons and ensures relevant training is provided. 			
<p>4. Are your Responsible Persons familiar with the charity's activities and financial position?</p> <ul style="list-style-type: none"> • The board receives regular, timely reporting on activities and finances. • Responsible Persons regularly review the charity's financial position. • Responsible Persons ask questions about finances and obtain more information or advice if required. 			



<p>5. Do your Responsible Persons monitor the charity's governance arrangements, including policies and procedures, to ensure they remain fit for purpose?</p> <ul style="list-style-type: none"> • <i>Responsible Persons have access to governance documents, including policies and processes the charity uses.</i> • <i>The charity has the necessary policies and procedures for the type of activities it undertakes:</i> <ul style="list-style-type: none"> ○ <i>a policy for safeguarding when working with vulnerable people;</i> ○ <i>a policy to mitigate risks when working overseas or sending funds overseas;</i> ○ <i>a policy for working with partners who provide fundraising services.</i> • <i>The charity employs people suitable for their roles, carries out appropriate screening and provides adequate supervision.</i> 			
<p>6. Does your charity take steps to ensure responsible decision-making?</p> <ul style="list-style-type: none"> • <i>The board meets regularly and Responsible Persons are expected to attend, prepare for and participate in meetings.</i> • <i>Responsible Persons receive timely, accurate and sufficient information for matters that come to them for decision.</i> • <i>Decision-making follows rules set out in the charity's governing document.</i> • <i>The board has enough Responsible Persons that are independent from each other to allow for independent decision-making.</i> • <i>Decisions are justified, transparent and documented in either meeting minutes, emails or handwritten notes.</i> • <i>Delegations for decisions are clearly documented.</i> • <i>The charity seeks independent, professional advice where appropriate, including legal advice or governance advice.</i> 			



<p>7. Does your charity have a process for disclosing and managing conflicts of interest?</p> <ul style="list-style-type: none"> • <i>Potential conflicts of interest are disclosed on appointment by Responsible Persons.</i> • <i>'Conflicts of interest' is a standing agenda item for board meetings.</i> • <i>A policy is in place for managing conflicts of interest, including a clear definition of what a conflict of interest is.</i> • <i>There is a register for recording conflicts of interest.</i> 			
<p>8. Does your charity have a process for identifying and managing related party transactions?</p> <ul style="list-style-type: none"> • <i>A policy in place for dealing with related party transactions, including clear definitions of 'related party' and 'related party transactions'.</i> • <i>There is a written agreement in place with any related parties.</i> • <i>There is a register for recording related party transactions.</i> 			
<p>9. Does your charity take measures to ensure its funds and assets are managed responsibly?</p> <ul style="list-style-type: none"> • <i>There is a system in place for keeping track of what the charity's funds are spent on.</i> • <i>Financial delegations are appropriate and are reviewed regularly.</i> • <i>Other financial controls are in place to protect against risks such as fraud, terrorism financing and misuse of funds. These include the need for multiple signatories for payments, proper retention of receipts, acquittal process for expenses, securely storing online banking passwords and appropriate records of transactions.</i> • <i>Responsible Persons approve and monitor a budget.</i> • <i>The charity has appropriate insurance.</i> • <i>The board regularly reviews charity financials to ensure it has adequate reserves and is not at risk of insolvency.</i> 			



10. Does your charity manage its risks?

- *The board regularly conducts reviews of its risks and risk management.*
- *There is a process in place for identifying and managing the charity's risks including compliance, financial, operational and reputational risks.*
- *Risks are recorded in a Risk Register.*
- *There are avenues for concerns to be raised by volunteers/ employees and whistleblower protections.*

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Part 6: Record keeping obligations



Record keeping obligations

Your charity must [keep two types of records](#) – financial records and operational records. A record is an account in permanent form of facts, events or transactions that shows your charity has:

- operated or acted in a particular way, or
- spent or received money or other assets.

These records are usually in written or printed form, must be kept easily accessible for seven years and must be in English or be easily convertible into English.

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Does your charity keep records that show its income, expenses, assets, liabilities and financial transactions for seven years?</p> <ul style="list-style-type: none"> • <i>There is a policy for the retention and storage of financial records.</i> 			
<p>2. Does your charity keep records that show its activities and operations for seven years?</p> <ul style="list-style-type: none"> • <i>There is a policy for the retention and storage of operational records.</i> 			
<p>3. Does your charity keep a record of its assets?</p> <ul style="list-style-type: none"> • <i>Your charity keeps an asset list or register.</i> • <i>A record is kept of who uses assets and for what purpose, including vehicle log books.</i> 			
<p>4. Does your charity have a system or process to ensure that it meets its record-keeping obligations?</p> <ul style="list-style-type: none"> • <i>The ACNC record-keeping checklist is completed.</i> • <i>There are policies/processes on record-keeping, covering:</i> <ul style="list-style-type: none"> ○ <i>what records are kept, how they are secured and who is responsible;</i> ○ <i>how sensitive records are secured and who has authorised access; and</i> ○ <i>requirement for records to be kept for seven years.</i> • <i>Electronic records are regularly backed up and securely stored.</i> • <i>Paper records are securely stored.</i> 			



Reporting obligations

Your charity must [report annually](#) to the ACNC by submitting an [Annual Information Statement \(AIS\)](#) and, if your charity is a medium or large charity, a [financial report](#), due within six months of the end of your [reporting period](#).

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
<p>1. Did your charity submit its AIS on time for the last reporting period?</p> <ul style="list-style-type: none"> • <i>Checked Charity Portal.</i> • <i>Due date for AIS is documented, including if there is a substituted accounting period.</i> • <i>Responsibilities for completion and submission of AIS are clear and understood.</i> 			
<p>2. Does your charity need to submit a reviewed or audited financial report?</p> <ul style="list-style-type: none"> • <i>Charity considers its revenue at the end of each financial year to determine if it needs to submit a financial report:</i> <ul style="list-style-type: none"> ○ <i>For small charities – there is no requirement to submit a financial report;</i> ○ <i>For medium charities – a reviewed or audited financial report must be submitted;</i> ○ <i>For large charities – an audited financial report must be submitted;</i> ○ <i>For Basic Religious Charities – it is optional to submit a financial report.</i> 			
<p>3. Does your charity ensure there are no errors in its AIS or financial report?</p> <ul style="list-style-type: none"> • <i>Process in place to notify the ACNC of any errors in the AIS or financial report if identified.</i> 			

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Part 8: Duty to notify



Duty to notify

Your charity must [notify](#) the ACNC if any of the following details change:

- your charity's legal name
- your [Address For Service](#)
- your [Responsible Persons](#)
- your [governing document](#)

Your charity must notify us once it is aware of any of the above circumstances within 60 days if you are a [small](#) charity or 28 days if you are a [medium](#) or [large](#) charity. You can notify us of changes by using the Charity Portal.

Your charity must also tell us if you believe it has breached its obligations to the ACNC, including the Governance Standards, in a significant way, as soon as possible, but no later than 28 days by submitting [Form 3C – Notification of contravention or non-compliance](#).

Questions for your charity, and examples of reasonable steps it can take	Response: Yes/No/ Not Applicable	Describe steps taken and demonstrate evidence	Is action required? If yes - update Part 9: Action Plan
1. Are your charity's Responsible Persons and other details with the ACNC up to date? <ul style="list-style-type: none">• <i>Your charity has checked Charity Portal to confirm that all Responsible Persons are listed and other charity details are correct.</i>• <i>There is someone in the charity with responsibility for updating details in the Charity Portal within the required timeframe.</i>			
2. Are your charity's Responsible Persons aware of the charity's notification obligations to the ACNC? <ul style="list-style-type: none">• <i>Key legal obligations of the charity, including notification obligations, are covered in induction process.</i>			
3. Does your charity report all significant breaches of its obligations to the ACNC? <ul style="list-style-type: none">• <i>The board regularly reviews its compliance with ACNC obligations.</i>• <i>There is a process in place to determine if a significant breach has occurred and if it should be reported.</i>			



Action item	Issue	Action required	Timeframe	Assigned to

More information

- Read [My Charity and the ACNC: Guide to your charity’s obligations to the ACNC](#).
- Read [Governance for Good – the ACNC’s guide for charity board members](#).
- Learn more about the [ACNC tools and resources](#) for governing and managing your charity

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Part 10: Signing off



Self-evaluation completed by:

Full name: _____

Position: _____

Signature: _____

Date: _____

Charity's Responsible Persons:

Full name: _____

Signature: _____

Date: _____

Full name: _____

Signature: _____

Date: _____

Full name: _____

Signature: _____

Date: _____

Full name: _____

Signature: _____

Date: _____

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