



Australian Government



Australian
Charities and
Not-for-profits
Commission

Running a Charity: Efficiency and effectiveness

Presented by:

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acnc.gov.au/webinars



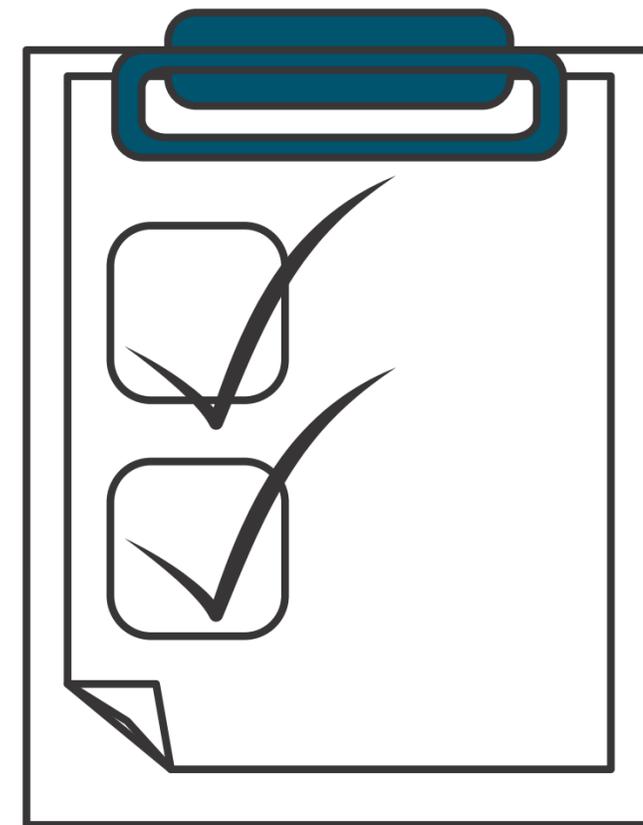
What we will cover today

- Quick questions to ask
- Who runs a charity?
- What are charity efficiency and effectiveness?
- How do we know if we are efficient and effective?
- Tips towards efficiency and effectiveness
- Collaboration and mergers
- Key points to remember



Five quick questions to ask

- What are our RP's duties to ensure the charity is operating efficiently and effectively?
- How do we know our charity is operating efficiently and effectively? What are our measures?
- Can we operate more effectively or efficiently? If so, how?
- What would trigger our charity to pursue collaboration or investigate a merger?
- What would our charity need to do if collaborating or merging? What duties would it have?



Who runs a charity?

A charity is governed by its Responsible Persons - generally its board or committee members, or trustees.

ACNC Governance Standard 5 outlines the duties of Responsible Persons.

There are three duties listed under this standard which are of particular relevance to this topic.

acnc.gov.au/responsiblepersons



Who runs a charity?

Duty 1: Act with reasonable care and diligence - guide and monitor the charity's management

Duty 2: Act honestly in the best interests of the charity and for its purposes - honestly consider what would be in charity's best interests

Duty 6: Ensure that the charity's financial affairs are managed responsibly - good processes to prevent problems; monitor and manage charity money

[acnc.gov.au/govstd5](https://www.acnc.gov.au/govstd5)



Efficiency and effectiveness - what are they?

Efficiency can be defined as the wise use of resources.
Efficient organisations are not wasteful, and are well-run.

Effectiveness is associated with getting the job done.
Fulfilling aims, completing projects, running programs
that achieve their goal.

**If your charity strives to be efficient and effective, you
aim to get the job done and do so in a way which
makes best use of what you have.**



Measuring efficiency and effectiveness

Each charity is different.

So how each charity measures efficiency and effectiveness will vary.

How an environmental charity measures efficiency and effectiveness will vary a lot from how a charity which helps the homeless or those sleeping rough.



Outside perceptions of efficiency and effectiveness

What a charity looks at when examining efficiency and effectiveness may differ greatly from the general public's perceptions of the concepts.

Some public perceptions of effectiveness or efficiency are not necessarily the most valid or most accurate.

Often these are related to what is deemed to be 'reasonable' - reasonable administration and fundraising costs, and reasonable levels of reserves.

[acnc.gov.au/admincosts](https://www.acnc.gov.au/admincosts)

[acnc.gov.au/charityfundraising](https://www.acnc.gov.au/charityfundraising)

[acnc.gov.au/moneymyths](https://www.acnc.gov.au/moneymyths)

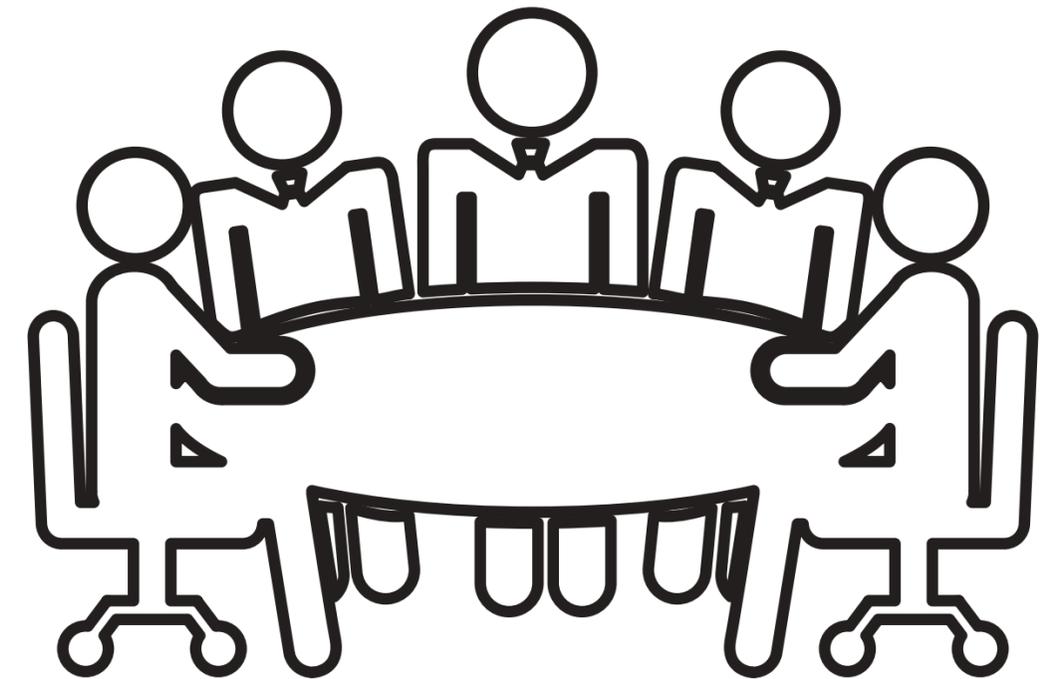


Efficiency, effectiveness ... and Responsible Persons

Because Responsible Persons have the job to set your charity's course and direction, they can:

- define the measures that mark a charity's efficiency and effectiveness, and
- monitor those measures (or modify them if required).

Responsible Persons must be aware of those things that indicate their charity is operating efficiently and effectively.

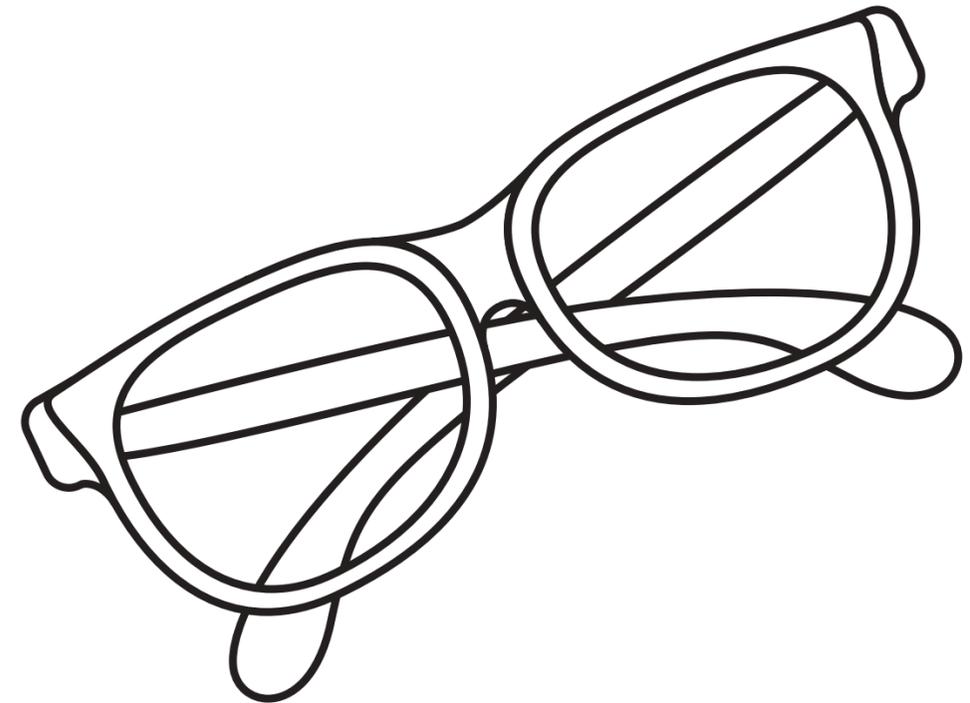


Tracking your measures of efficiency and effectiveness

Monitor charity finances: Understand where charity money is going (and coming from) and ask questions about charity finances - especially possible inefficiencies.

'Real' awareness of charity activities and work: Go beyond just 'knowing what your charity is doing'; ask questions about the work; make improvements if needed.

Talk to people inside and outside the charity: Seek out valid opinions and perspectives from those working with you, as well as those 'on the outside'.



Tracking your measures of efficiency and effectiveness

Check the figures, check the work, ask questions: Be an active, informed and engaged Responsible Person. Be directly involved, examine tenders and contracts.

Know what's coming down the pipeline: Yes, you can't foresee everything coming down the pipeline, Responsible Persons should be aware of trends, issues or external forces that might impact a charity's work.

And remember, your charity might have other specific measures that contribute to this mix.



Effective, efficient meetings

Stage your meeting in accordance with your rules!

Before the meeting

Prepare a good agenda.

Invite the right people.

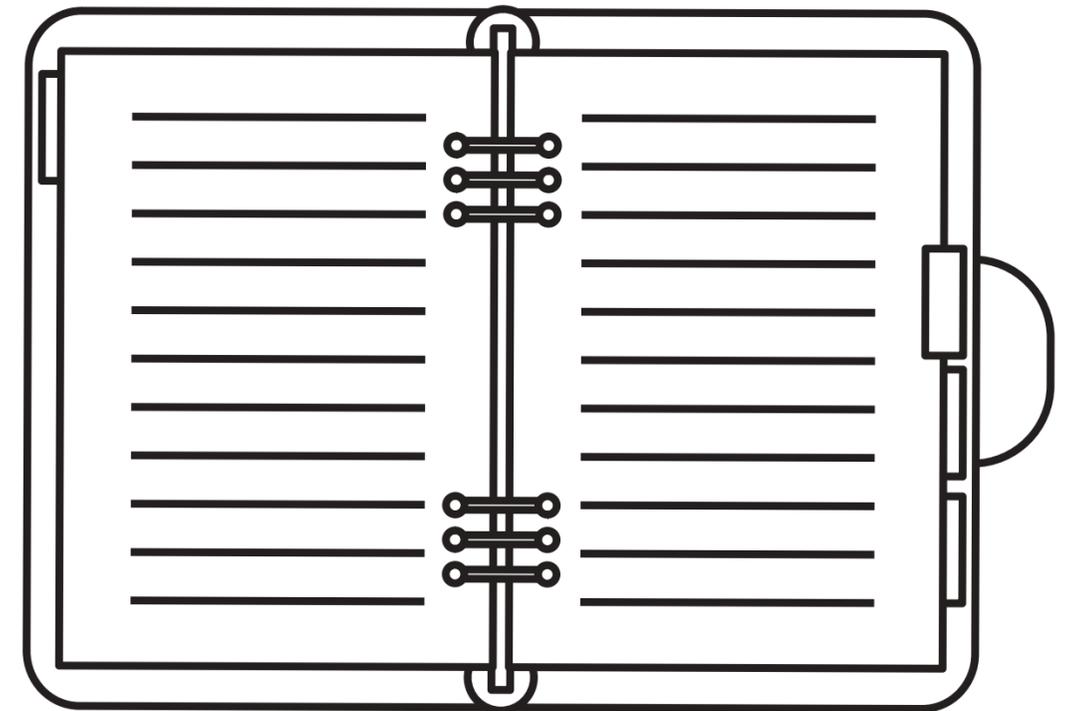
Ensure a quorum.

During the meeting

Start on time and stick to the agenda.

Don't get sidetracked or wander off on tangents.

Have a chairperson, have a minute taker ... and take good notes.



Effective, efficient meetings

After the meeting

Write up the minutes while the meeting is fresh in people's minds, and then distribute them.

Note action items and who is responsible for them, and then follow them up.

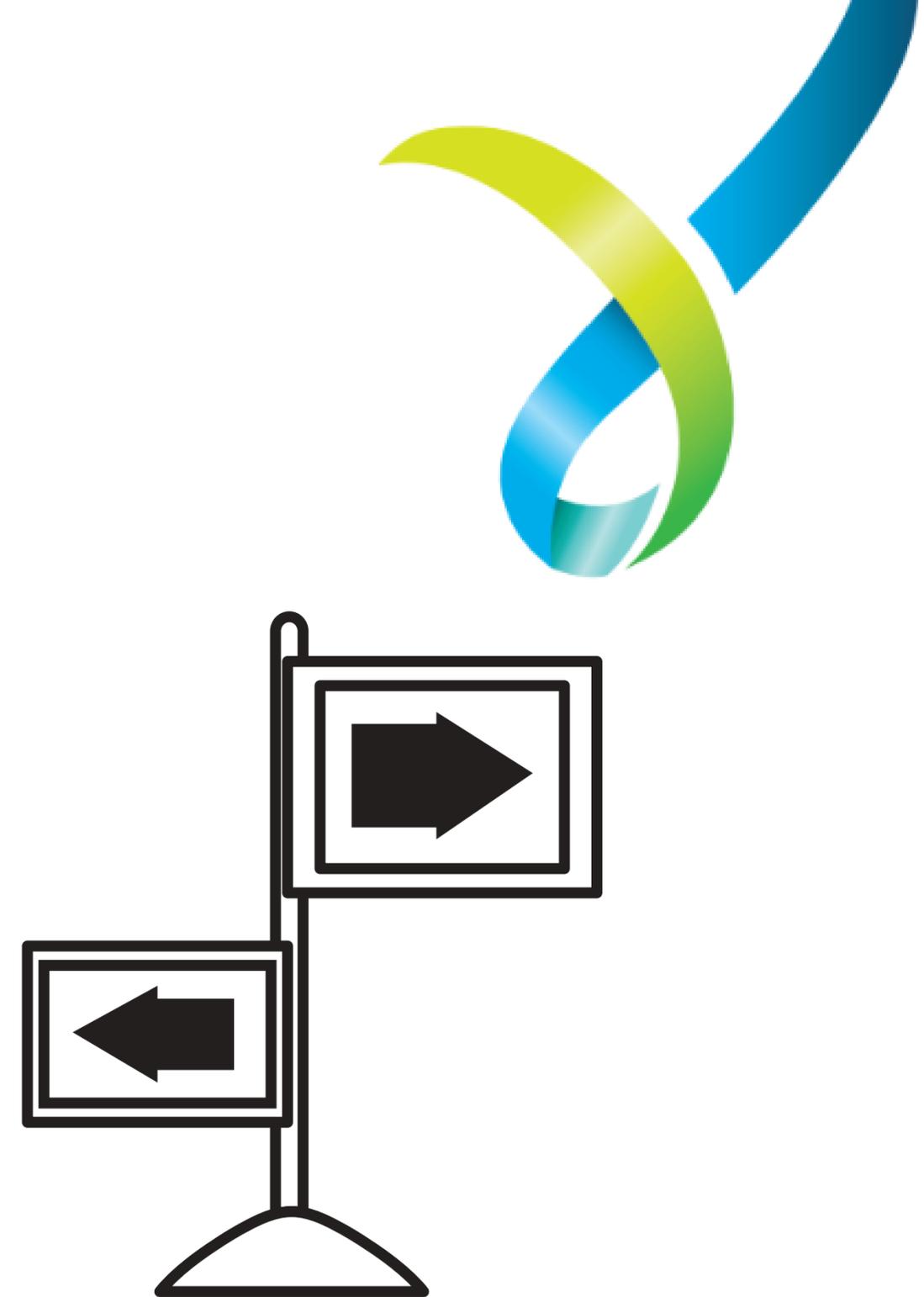
acnc.gov.au/holdingmeetings

acnc.gov.au/minutes

acnc.gov.au/agenda

acnc.gov.au/effectiveagm

www.communitydirectors.com.au/icda/tools/?articleId=1371

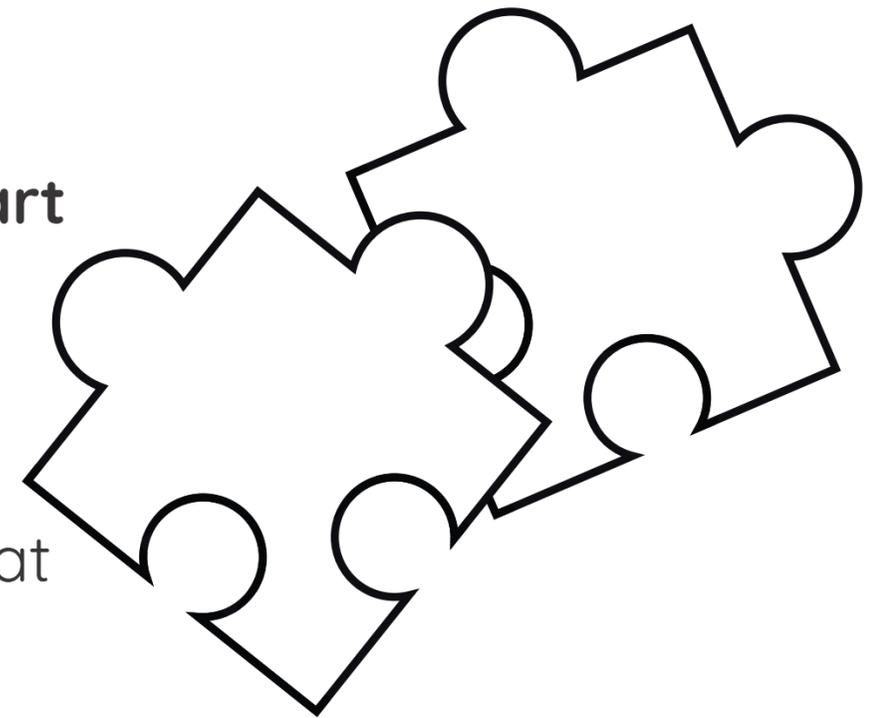


Collaboration

Collaborations, or partnerships, can involve two or more charities or groups ranging across the charitable, community, corporate or government spheres.

Efficiency and effectiveness are of course right at the heart of a partnership or collaboration.

By working together, partners aim to better use what they have, and in doing so provide more benefits than those that would occur if they worked separately.



Triggering the collaboration discussion

Think about what might prompt your charity to pursue collaboration:

- Something you want to do but can't do by yourself
- Something you want to do and can do better in a collaborative relationship
- A pre-existing relationship appropriate to use as a base for collaboration

acnc.gov.au/partnerships



Merging

Merging might be a consideration for charities doing similar work.

Merging may bring with it efficiencies. It may improve the effectiveness of a charity's work. But it is not the right answer for every charity.

The ACNC doesn't make decisions on whether charities should merge. That lays with charities' Responsible Persons.



Merging



There are no requirements which dictate that a charity must merge or consider merging.

Just because charities are doing similar work in the same area, they are not compelled to merge or consider merging.

That said, it may be a prudent discussion if a charity is not being as efficient and effective as it could be.

Merging - what's involved

- Both charities need to agree to merge (obviously!)
- Conditions of a merger dictated by charities' governing documents, and any relevant legislation.
- Charities must agree on how new entity will operate.

Merging can be complicated and involved. It is not something to be taken lightly. Treat the decision with the gravity it deserves.

acnc.gov.au/merge



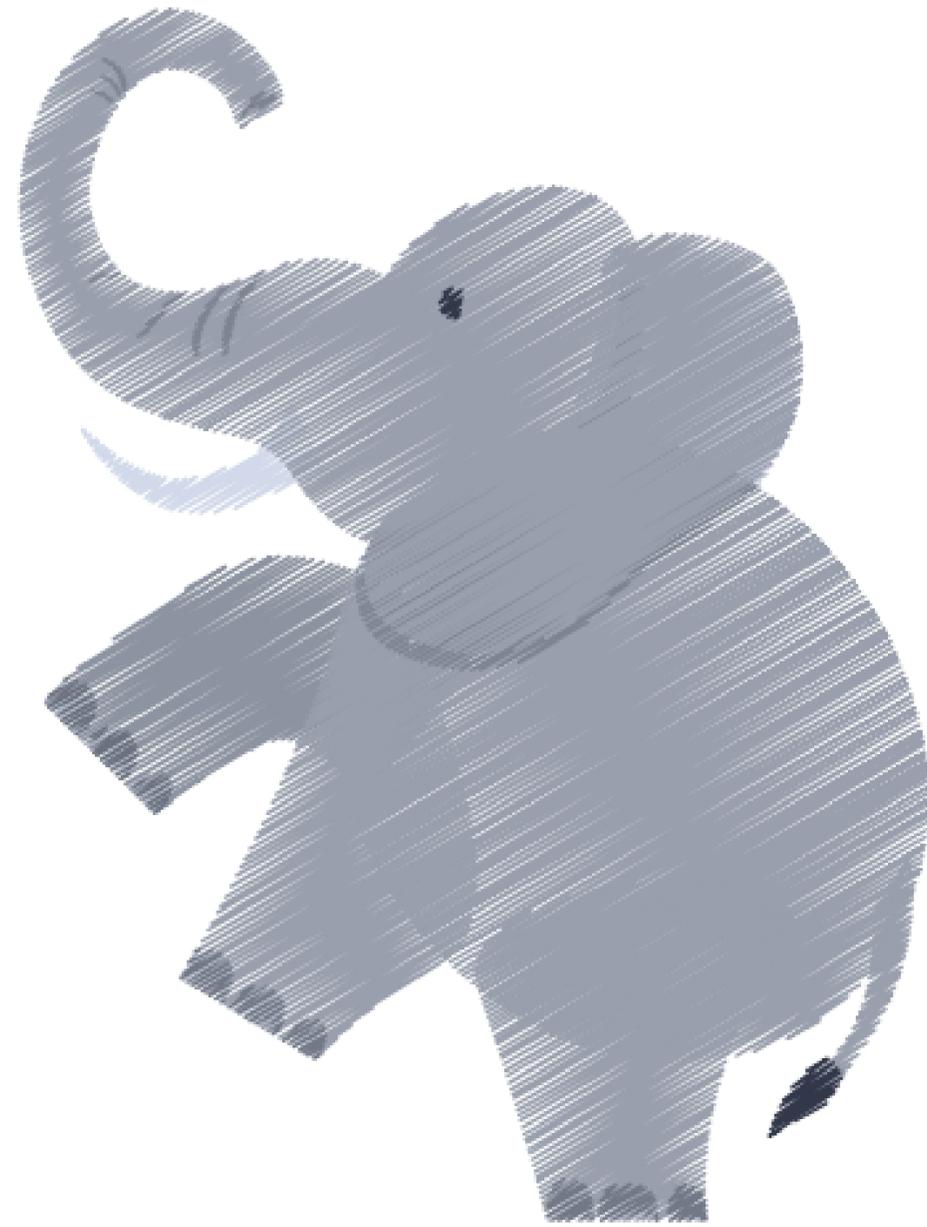
Merging - key things to do

- Comply with all the relevant legislation, as well as any requirements put in place by your regulator
- Submit any forms or ensure legal obligations to employees are met
- Adhere to your governing documents
- Tell people your charity is merging
- Follow up on any other requirements – changes to your ABN, tax concessions
- Notify the ACNC of changes.

acnc.gov.au/merge



Key points to remember



Key points to remember

1 – Responsible Persons play the key role in ensuring their charity operates efficiently and effectively. This is not only in their duties to comply with ACNC Governance Standard 5, but also in making decisions relating to efficient and effective charity behaviour.

2 – Generally, if your charity strives to be efficient and effective, it aims to get the job done, and to do so in a way which makes best use of what it has.



Key points to remember

3 – How each charity measures efficiency and effectiveness will vary depending on its aims, work, priorities and individual situation. Public perceptions of charity efficiency and effectiveness may vary from how your organisation measures or defines them.

4 – Because Responsible Persons have the job to set your charity's course and direction, they should firstly define the measures that mark a charity's efficiency and effectiveness, and then monitor those measures.



Key points to remember

- 5** – The decision to collaborate rests with a charity's Responsible Persons. They should be aware of what collaborations may offer, including the potential for improved efficiency and effectiveness.
- 6** – Merging is another option for charities to discuss, but it is a rather more permanent one! If a charity makes a decision to merge, there are plenty of I's to dot and T's to cross; it is not a decision to make lightly.



Questions



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