

ACNC 2016-17 Regulator Performance Framework Self-assessment

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Overview

The Australian Government released the Regulator Performance Framework (RPF) in October 2014. The RPF measures the way regulators administer regulations, encouraging them to minimise their impact on regulated entities. The RPF consists of six *key performance indicators* (KPIs):

1. Regulators do not unnecessarily impede the efficient operation of regulated entities
2. Communication with regulated entities is clear, targeted and effective
3. Actions undertaken by regulators are proportionate to the regulatory risk being managed
4. Compliance and monitoring approaches are streamlined and co-ordinated
5. Regulators are open and transparent in their dealings with regulated entities
6. Regulators actively contribute to the continuous improvement of regulatory frameworks

Achievement of the KPIs is demonstrated through *evidence* (metrics) that a regulator has acted in accordance with good regulatory practice, as articulated in the *measures* associated with each KPI.

Regulators are required to assess their performance under the RPF each year. The ACNC's results against each metric are detailed in **Appendix A**. The body of this Report summarises the ACNC's performance against each KPI, grouped into the associated measures of good regulatory practice.

Methodology

The ACNC's performance was assessed by a dedicated project team of senior ACNC officers, reviewed by ACNC directors, and endorsed by the Commissioner and Assistant Commissioners. RPF self-assessments must also be validated through a process of consultation with an approved consultation mechanism. For the ACNC, this is a combined mechanism of the Professional User Group (professional advisers) and Sector User Group (charity representatives). The ACNC's draft self-assessment report was considered by these user groups in November 2017; their comments and the ACNC's response to these comments are detailed at **Appendix B**.

Performance against each evidence metric was assessed as met, substantially, met, partially met, or not met:

Colour	Metrics
	Target met or exceeded
	Target mostly met
	Some elements of the target were met and issues managed
	No or minimal progress was made against the target

Overall performance with respect to each KPI was assessed as excellent, very good, good, fair, or poor:

KPI assessment
Excellent , with no or minor room for improvement
Very Good , with minor room for improvement
Good , with some room for improvement
Fair , with significant room for improvement
Poor , with numerous significant areas for improvement identified

Overall assessment

The ACNC considers that its overall performance in achieving the KPIs in 2016-17 was **Very Good, with minor room for improvement**.

Our external stakeholder groups, the professional user group and sector user group, validated our self-assessments during their November meetings. Some members believed we could have assessed ourselves as Excellent and one member thought we had over assessed our achievements against the KPI. This is further discussed in attachment B.

This year we recognise improvement for KPI's 1 and 4, from Good to Very Good. This is partially reflected in the ACNC's actions to address the areas for improvement identified in last year's RPF, detailed below.

The ACNC looks forward to continuing to build on its identified strengths, and addressing areas for improvement, and thereby improving its regulation of the charity sector in Australia.

Areas for improvement identified in 2015-16

KPI 1 Key areas for improvement:

- further improvements to the ACNC Annual Information Statement (AIS) and Charity Portal will be made to improve accessibility and useability.
 - Improvements made to 2017 AIS following extensive consultation. Access and useability of the Charity Portal was worked on throughout 2016-17 culminating in the move to a cloud based operating system in September 2017 which should significantly improve reliability of the platform.
- an independent audit of the registration function will be conducted in 2016-17 and process improvements will be implemented.
 - An audit of the registration function was undertaken by Deloitte during the 2016-17 financial year. Many of the recommendations will be implemented in 2017-18, although some changes will occur after a new registration system is built. A tender process for this build is underway.
- continue work with state and territory regulators to eliminate duplicated reporting across jurisdictions.
 - Discussions were held with all states and territories.

KPI 2 Key areas for improvement:

- continue to improve accessibility of web content towards 100% compliance with the Web Content Accessibility Guidelines Version 2.0.
 - The ACNC received funding in the 2017 Federal Budget which will allow us to upgrade our information technology systems, so that our website will be fully compliant with the Government's Web Content Accessibility Guidelines.
- implement a number of behavioural insight techniques and a more sophisticated segmenting approach to ensure communications are timely and targeted.
 - We implemented a project to increase the number of on time AIS submissions, improving the ACNC's communications with charities on their reporting obligations, incorporating the principles of behavioural economics. This approach also segmented charities by size.

KPI 3 Key areas for improvement:

- all compliance processes are being improved based on recommendations from an independent audit of the compliance function, including expanding access to other government data holdings to inform compliance priorities.
 - Compliance processes are being reviewed following the Deloitte review of Compliance which should be finalised in 2017-18. In 2016-17 we worked closely with other government departments, such as AUSTRAC on the National Risk Assessment 2017 on money laundering and terrorism financing. Formal data sharing agreements are also being considered.

KPI 4 Key areas for improvement:

- expand use of the Charity Passport.
 - Access by government agencies and their officers has increased 25% since 30 June 2016, and 186% increase since 30 June 2015.
- continue improvements to the Charity Portal and the Annual Information Statement.
 - Refer KPI 1
- informed by the independent audit of the compliance function, improvements will be made to the ACNC's processes for risk-based monitoring and inspection.
 - Refer KPI 3

KPI 5 Key areas for improvement:

- informed by the independent audit of the compliance function, improvements will be made to compliance-related policies and procedures, which will be published on the ACNC website.
 - Refer KPI 3
- an independent audit of the registration function will be conducted in 2016-17 and updated policies and procedures will be published on the ACNC website.
 - Refer KPI 1

KPI 6 Key areas for improvement:

- despite progress in aligning inter-jurisdictional reporting and regulation, there is significant work to do to improve the regulatory framework for charities. The ACNC intends to work with all jurisdictions to remove duplicated reporting, simplify and harmonise the regulation of fundraising, and advocate a common definition of charity (including adoption by state and territory revenue offices).
 - Discussions were held with all states and territories, and the highly-regulated sector co-regulators.
- continue to improve the provision of feedback to policy departments, including feedback regarding possible improvements to the legislative framework.
 - Refer above. We also worked closely with Treasury.

KPI Assessment

KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities

1A Regulators demonstrate an understanding of the operating environment of the industry or organisation, or the circumstances of individuals and the current and emerging issues that affect the sector.

1B Regulators take actions to minimise the potential for unintended negative impacts of regulatory activities on regulated entities or affected supplier industries and supply chains.

1C Regulators implement continuous improvement strategies to reduce the costs of compliance for those they regulate.

Understanding of the sector and its operating environment

The foundation of the ACNC's regulatory approach is an understanding of charities and the broader not-for-profit sector. The ACNC develops and shares its knowledge of the sector through consultation, sector briefings, and analysis and publication of charity data. The ACNC engages the Professional User Group (PUG), professional advisers, and the Sector User Group (SUG), charities and peak bodies, on matters of procedure, guidance, and our regulation of registered charities. In 2016–17, we hosted three PUG and three SUG meetings. We also consulted with sector groups through our Roundtables series for representatives from faith-based charities to discuss issues and challenges facing religious organisations.

In December 2016, the ACNC and AUSTRAC hosted roundtable discussions with the sector in Sydney and Melbourne to seek the sector's view on terrorism financing and money laundering risks in Australia's not-for-profit sector. The outcomes of this collaboration and engagement was the National Risk Assessment for Australia's non-profit organisation sector, which was released by the respective Ministers on 28 September 2017.

We undertook extensive consultation on changes to the 2017 Annual Information Statement through a consultation paper, received 13 written submissions, and face-to-face consultation sessions held in every state and territory, which included sessions held in 15 regional and metropolitan locations and a dedicated session for non-government schools. The valuable feedback was used to help improve the 2017 Annual Information Statement, and meant we introduced 6 of the 8 proposed changes.

Each year, the ACNC commissions analysis of the information reported annually to the ACNC by charities. The *2015 Australian Charities Report* was published in December 2016, with a comprehensive analysis of the financial situation of Australia's charity sector. The report provided fascinating new insights into the charity sector, including activities, beneficiaries, employment and volunteering, and areas of operation. To increase accessibility and useability, we made the data from the report available to the public on an interactive website. The public can use the data to look at the sector from new angles to find out more about Australia's charities at australiancharities.acnc.gov.au. In addition, the ACNC makes the data we collect about charities freely and easily available on the Government's official repository for open data, data.gov.au. The ACNC's Charity Register dataset is the sixth most viewed and fourth most downloaded dataset on the site. We also published a report: *Australia's Smallest Charities*, also available at australiancharities.acnc.gov.au.

Minimising unintended negative impacts of regulatory activities

In 2016-17, the ACNC conduct an internal review of its regulatory approach. The underlying principles of our compliance and enforcement practice will not change. The ACNC uses a risk-based approach to allocate its compliance resources to address concerns that present the greatest risk to trust and confidence in the sector. Our proportionate approach to compliance provides charities a chance to address concerns whilst dealing with cases of serious misconduct quickly and firmly. This is consistent with the objects of the ACNC Act, which require the Commissioner to have regard to, among other things, the principles of regulatory necessity, reflecting risk, and proportionate regulation (section 15-10 of the ACNC Act).

The ACNC published a report outlining its compliance and outcomes during 2015 and 2016 in March 2017. It can be found acnc.gov.au/compliancereport. A key aspect of our regulatory and compliance approaches has been the move from primarily education of charities to an increased focus on entities meeting their obligations. Over the past two calendar years (2015 and 2016), we received 1872 concerns about charities. This was a significant increase over the previous two years' total of 1307 concerns. The increase saw us opening 149 per cent more investigations, and resulted in 22 compliance revocations in 2016-17.

The ACNC also commissioned Deloitte to conduct an independent audit of the ACNC Compliance function, which was completed in April 2016. The recommendations from the audit were accepted and the Compliance Directorate implemented improvements to its processes, systems and approach during 2016-17. The compliance operating procedures have been removed from our website until they have been updated. An audit of the registration function was undertaken by Deloitte during the 2016-17 financial year. Many of the recommendations will be implemented in 2017-18, although some changes will occur after a new registration system is built. A tender process for this build is underway.

Last year's annual report noted that in mid-2016 new legislation passed in both South Australia and Tasmania that effectively lightens the regulatory load for those states' charities. This momentum continued into 2017, when our work with ACT regulators brought an end to duplicative reporting requirements there. Fundraising regulations in South Australia and the Australian Capital Territory were amended so that charities seeking to collect donations in those jurisdictions no longer need to apply for a licence to do so.

In June Consumer Affairs Victoria (CAV) confirmed it would introduce a ‘report once – use often’ approach for around 2000 fundraisers and 3000 incorporated associations registered with both the CAV and ACNC. This was in response to the Statement of Expectations from the Minister for Consumer Affairs, Gaming and Liquor Regulation, which included the reduction of the regulatory burden on Victorian NFPs as a CAV performance target for 2017–19.

Data-sharing agreements were implemented with South Australia, Tasmania and the Australian Capital Territory.

A 2014 Senate inquiry into the ACNC identified a number of highly regulated charity sub-sectors, including aged care and hospitals, medical research institutes, universities and non-government schools. During 2016–17 we met with representatives from peak bodies and regulators for each of these sectors to discuss their reporting requirements under the ACNC Act. We have continued our streamlined reporting arrangements with non-government schools, and we will explore further opportunities to streamline reporting.

In addition, use of the Charity Passport has increased. Twenty government agencies now access charity data through the passport, thereby reducing the need for charities to provide their information multiple times.

Continuous improvement strategies reduce the costs of compliance for the sector

The ACNC consults frequently with the sector and facilitates feedback about key processes to improve regulation and reduce compliance costs for the sector. In 2016-17, we received 182 complaints about the ACNC, up from 104 in 2015-16. Most negative feedback related to system issues involving our website and Charity Portal. The ACNC has invested significant resources into improving the online experience for charities. The improvements will flow from changes in both the computer network we operate in, from August 2017, and the software used, particularly for registration, reporting and compliance activities, which are currently being tendered.

All registration applicants are sent an online customer experience survey, which seeks information about the organisation’s experience with the registration process, including the processing analyst’s level of helpfulness, courtesy and knowledge, the overall quality of the registration process, and timeliness.

Most customers found the registration process to be a positive experience – 94 per cent of charities expressed overall satisfaction with the quality of our service.

This year we achieved our highest target yet, processing 95 per cent of all applications within 15 days of receiving all the information from the charity. This has improved each year and supports our commitment that the ACNC registration process to be as customer friendly and efficient as possible.

Overall assessment: Very Good

Key areas for improvement:

- further improvements to the ACNC Annual Information Statement and Charity Portal will be made to improve accessibility and useability. These improvements will be made largely from August 2017 through the introduction of a new computer cloud-based operating system.
- implementation of the recommendations from the audit of the registration function will be undertaken in 2017-18.
- continue work with federal, state and territory regulators to eliminate duplicated reporting across jurisdictions.

KPI 2 – Communication with regulated entities is clear, targeted and effective

2A Regulators provide guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience.

2B Regulators consider the impact on regulated entities and engage with industry groups and representatives of the affected stakeholders before changing policies, practices or service standards.

2C Regulators' decisions and advice are provided in a timely manner, clearly articulating expectations and the underlying reasons for decisions.

2D Regulators' advice is consistent and supports predictable outcomes.

Guidance and information

Each year we find new, innovative ways to deliver information designed to assist charities understand and fulfil their regulatory obligations. In 2016–17, in addition to responding to queries directly, we hosted webinars, published a wealth of new guides on relevant issues, introduced a podcast program and published a new Commissioner Interpretation Statement.

We also covered Parents & Citizens Associations' obligations to the ACNC and what they need to do to remain compliant, and took an in-depth look at the findings and data from the Australian Charities Report 2015. Participants can access past webinars and sign up for future webinars at acnc.gov.au/webinars.

We launched our ACNC Charity Chat podcast late in the financial year, as a more casual forum dedicated to the discussion of all things charity-related. We produced two episodes in the financial year – the first focusing on the origins of charity, what it takes to be a charity today, and the difference between charities and not-for-profits.

To help charities understand their obligations and avoid the pitfalls associated with fundraising, we created a dedicated fundraising information hub on acnc.gov.au, with content including state-specific regulations; personal information/data management; protecting people in vulnerable circumstances; crowdfunding; protecting your charity from the risk of terrorism funding; and working with fundraising agencies.

In 2016-17 we hosted 13 webinars, developed 12 how-to videos, ran 52 sector events. We also presented at 76 speaking engagements, 8 more than last year, as more organisations have invited us to their events.

One area for improvement is in relation to accessibility of website content. We undertook user-testing of the website in 2015-16, however implementing the recommendations was difficult due to system constraints. The ACNC received funding in the 2017 Federal Budget, which will allow us to upgrade our information technology systems, including our website's content management system, so that our website will be fully compliant with the Government's Web Content Accessibility Guidelines.

In an effort to increase the number of on time Annual Information Statement (AIS) submissions, in 2016–17 we initiated a project aimed at improving the ACNC's communications with charities on their reporting obligations, incorporating the principles of behavioural economics. Results have included:

- the percentage of 2016 AIS submitted by 30 June 2017 was 90% (increase of 18.55 %)
- the percentage of 2016 AIS submitted by the 1500 largest charities was 93% (increase of 7 %)
- fewer resources (time and cost) used to pursue charities that have an overdue 2016 AIS.

Communication

We identified the ACNC's significant commitment to consultation under KPI 1. The ACNC consulted with the charity sector and other stakeholders throughout 2016-17. These included the PUG and SUG, roundtables for representatives from faith-based charities, and sector forums.

The ACNC also issued a Commissioner’s Interpretation Statement (CIS) on Public Benevolent Institutions (PBIs), which outlines the ACNC’s current understanding of the law concerning PBIs and how organisations may fit the charity subtype. We consulted widely prior to publishing the CIS, providing a draft for public comment.

Timely and clear decisions and advice

The ACNC is committed to providing timely, high quality services to the public and to charities.

Phone enquiries, on average, were answered within 62 seconds. This was an increase of 10 seconds compared to 2015-16 but maintained a significant improvement compared to the average 117 seconds in 2014-15. We answered 78% of calls within two minutes across the year including the peak Annual Information Statement submission periods. While we were slightly below our 80% service target, the Advice Services team achieved this result with 2.5 fewer full-time equivalent positions than in 2015-16.

We provide a supportive and interactive registration process, recognising that most applicants have limited knowledge of charity law. Our service standard is to finalise applications within 15 business days of receiving all necessary information. We achieved this standard for 95% of applications during 2016–17, meeting our new benchmark – which had been increased from 90% in 2014-15 and 93% in 2015-16.

Under the ACNC Act, a charity or its responsible person may object to certain ACNC decisions, requesting they be internally reviewed. In 2016-17 we received seven review requests that related to our decision to refuse charity registration or to refuse to register a charity with a particular subtype. We received another 16 review requests that related to withholding information from the Charity Register. This was 15 fewer review requests than received in 2015-16.

We also received 11 failure to lodge penalty objections, and 3 objections to a revocation decision.

Consistency

ACNC staff make decisions based on published policies and operational procedures, consistent with the ACNC’s overarching Regulatory Approach Statement. These policies and procedures are available publicly on the ACNC website. They include the Commissioner’s Policy Statement 2012/03: Decision-making, which sets out how the ACNC will ensure high quality decision-making, promote consistency in decisions and to inform the public about how the ACNC makes decisions. Each directorate undertakes quality assurance processes in relation to their activities.

In 2015-16, the ACNC commissioned a comprehensive review of its compliance function, including all relevant policies and procedures. Following the review, compliance-related operational procedures were removed for comprehensive updating. They will be restored to the public website at the completion of this process which commenced during 2016-17.

Decision-making training was also run for staff by the Australian Government Solicitor.

Overall assessment: Very Good

Key areas for improvement:

- continue to improve accessibility of web content towards 100% compliance with the Web Content Accessibility Guidelines Version 2.0.
- continue to use behavioural insight techniques and a sophisticated segmenting approach to ensure communications are timely and targeted.
- update Compliance operational procedures and publish them on the ACNC website.

KPI 3 – Actions undertaken by regulators are proportionate to the regulatory risk being managed

3A Regulators apply a risk-based, proportionate approach to compliance obligations, engagement and regulatory enforcement actions.

3B Regulators’ preferred approach to regulatory risk is regularly reassessed. Strategies, activities and enforcement actions are amended to reflect changing priorities that result from new and evolving regulatory threats, without diminishing regulatory certainty or impact.

3C Regulators recognise the compliance record of regulated entities, including using earned autonomy where this is appropriate. All available and relevant data on compliance, including evidence of relevant external verification is considered.

Risk-based, proportionate approach to compliance and enforcement

The ACNC uses a risk-based approach to allocate its compliance resources to address concerns that present the greatest risk to trust and confidence in the sector. Our proportionate approach to compliance provides charities a chance to address concerns whilst dealing with cases of serious misconduct quickly and firmly. This is consistent with the objectives of the ACNC Act, which require the Commissioner to have regard to, among other things, the principles of regulatory necessity, reflecting risk, and proportionate regulation.

The approach to regulatory risk is regularly reassessed and improved

In 2015-16 after two years of operation, we elected to review the ACNC Regulatory Approach Statement – the statement that guides our approach to charity regulation. The purpose of the review was to ensure that the Regulatory Approach Statement remains current, relevant and fit-for-purpose.

The revised Regulatory Approach Statement was published on 27 November 2015. It is available at: acnc.gov.au/regulatoryapproach. This statement will be reviewed again in 2018.

Consideration of available compliance data and recognition of compliance history

As articulated in the ACNC’s Regulatory Approach Statement and Compliance and Enforcement Policy, the ACNC considers the prior record of a charity and information from previous investigations in its risk assessments. ACNC compliance procedures are currently being updated, informed by the 2015-16 review of the compliance function. An entities prior behaviour will remain a fundamental consideration of these procedures.

Overall assessment: Very Good

Key areas for improvement:

- all compliance processes are being improved based on recommendations from an independent audit of the compliance function, including expanding access to other government data holdings to inform compliance priorities.
- update compliance processes and publish on our website.

KPI 4 – Compliance and monitoring approaches are streamlined and coordinated

4A Regulators’ information requests are tailored and only made when necessary to secure regulatory objectives, and only then in a way that minimises impact; AND regulators’ frequency of information collection is minimised and coordinated with similar processes including those of other regulators so that, as far as possible, information is only requested once.

4B regulators utilise existing information to limit the reliance on requests from regulated entities and share the information among other regulators, where possible.

4C Regulators base monitoring and inspection approaches on risk and, where possible, take into account the circumstance and operational needs of the regulated entity.

Information requests are necessary and coordinated, and impact is minimised

The ACNC has published Operational Procedure 2014/03: Creating, updating and reviewing forms. This policy confirms that when drafting or modifying any forms, that the purpose and function of the form should be considered, and only information needed to fulfil these functions should be requested. The reporting obligations imposed by ACNC forms are also overseen by the cross-directorate Reporting and Red Tape Reduction Committee.

The ACNC has also identified the need to significantly expand its access to available Compliance data, which can assist in identifying risk in the sector. The ACNC is doing so through progressing formal arrangements with other government agencies (such as AUSTRAC).

In 2016-17, we continued to work closely with the Commonwealth Department of Education and Training (DET). For the 2016 year (schools use calendar years), the ACNC accepted financial information lodged by non-government schools with DET in place of an annual financial report and the financial questions in the Annual Information Statement. The ACNC’s work with DET and the sector to further streamline reporting arrangements is ongoing.

Charities registered as Aboriginal and Torres Strait Islander corporations are regulated by the Office of the Registrar of Indigenous Corporations (ORIC). Charities registered with ORIC are not required to report separately to the ACNC; the ACNC obtains relevant reports from ORIC.

The Charity Portal is a secure ‘self-service’ system for charities. Charities can log in and complete tasks that would have previously required them to submit a form via email or post, saving significant time and effort. Our aim is that charities can complete all reporting requirements with minimum effort and maximum accuracy. In July 2016, the ACNC’s Charity Portal won an award in the Digital Transformation category of the Institute of Public Administration Australia Public Sector Innovation Awards.

Existing information is used and shared across government

The Charity Passport is the digital mechanism to facilitate the transfer of information (including corporate, activity, and financial information) about registered charities from the ACNC to other authorised government agencies. It is the core of the ACNC’s ‘report once, use often’ reporting framework, which reduces duplicated reporting across government. There are 20 government agencies (59 officers) using the Charity Passport as at 30 June 2017. This is a 25% increase since 30 June 2016, and a 186% increase since 30 June 2015.

We also work closely with other government agencies to share information and determine who is best placed to act, so charities don’t need to field enquiries from multiple government regulators. We received 32 referrals from other government agencies and made 48 referrals to other government agencies where we considered the matter may have also fallen within their jurisdiction.

Monitoring and inspection is tailored and risk-based

ACNC Staff act in accordance with risk-based policies and procedures, consistent with the overarching ACNC Regulatory Approach Statement and Compliance and Enforcement Policy. Compliance monitoring activities are only conducted in relation to those matters that present the greatest risk to trust and confidence in the sector. In recognition of the varying degrees of capacity within the sector, compliance

activities are tailored according to the size and resources of the charity. Small charities are provided longer time frames to respond to the ACNC. Some compliance outcomes, i.e. penalties, vary depending on the size of the charity, with large charities paying higher penalties than medium and small charities.

Overall assessment: Very Good

Areas for improvement:

- progressing formal arrangements with other government agencies (such as AUSTRAC)
- continue to expand use of the Charity Passport.
- continue improvements to the Charity Portal.

KPI 5 – Regulators are open and transparent in their dealings with regulated entities

5A Regulators’ risk-based frameworks are publicly available in a format which is clear, understandable and accessible.

5B Regulators are open and responsive to requests from regulated entities regarding the operation of the regulatory framework, and approaches implemented by regulators.

5C Regulators’ performance measurement results are published in a timely manner to ensure accountability to the public.

Publicly available risk-based frameworks

The ACNC’s overarching risk assessment framework is articulated within the Regulatory Approach Statement and Compliance and Enforcement Policy which was available throughout 2016-17. In 2015-16, the ACNC commissioned a comprehensive review of its compliance function, including all relevant policies and procedures. Following the review, compliance-related operational procedures were removed for comprehensive updating. They will be restored to the public website at the completion of this process which commenced during 2016-17.

Transparency and responsiveness

The ACNC seeks to provide extensive information in various formats about the operation of the regulatory framework. Information was provided in 2016-17 through briefing sessions, webinars, how-to videos, a Commissioner’s Interpretation Statement on Public Benevolent Institutions (PBIs), a suite of guidance publications, and online policies and operational procedures.

In March 2017, we published the Charity Compliance Report 2015 and 2016 which examines the ACNC’s compliance and enforcement activities between 1 January 2015 and 31 December 2016. This report uses aggregated data and de-identified information to give readers an insight into the compliance work of the ACNC. In addition, this report outlines the ACNC’s compliance focus for the year ahead.

The ACNC tries to make information available to the public outside of the formal FOI process. The ACNC aims to respond to general information requests (those not made under the Freedom of Information Act 1982 (FOI Act) or Privacy Act 1988) within 30 calendar days. In 2016-17, the ACNC responded to 100% of general information requests within 14 calendar days.

In 2016–17, we received 14 requests for documents under the Freedom of Information Act 1982 (Cth) (FOI Act). Ten of these were finalised, with full access provided twice; and four requests were refused access to documents and four were subsequently withdrawn by the applicant. The ACNC has an Information Publication Scheme (IPS) page available at acnc.gov.au.

Timeliness in publishing performance results

Consistent with other Commonwealth regulators, the ACNC elected to publish its RPF self-assessment separately from the ACNC Annual Report. The ACNC Annual report was tabled on 28 October 2016 and is publicly available at annualreport.acnc.gov.au. The 2015-16 RPF self-assessment report was published on the ACNC website in December 2016.

Overall assessment: Very Good

Areas for improvement:

- informed by the independent audit of the compliance function, improvements will be made to compliance-related policies and procedures, which will be implemented and published.
- informed by the independent audit of the registration function, improvements will be made to registration-related policies and procedures, which will be implemented and published.

KPI 6 – Regulators actively contribute to the continuous improvement of regulatory frameworks

6A Regulators establish cooperative and collaborative relationships with stakeholders to promote trust and improve the efficiency and effectiveness of the regulatory framework.

6B Regulators engage stakeholders in the development of options to reduce compliance costs. This could include industry self-regulation, changes to the overarching regulatory framework, or other strategies to streamline monitoring and compliance approaches.

6C Regulators regularly share feedback from stakeholders and performance information (including from inspections) with policy departments to improve the operation of the regulatory framework and administrative processes.

Cooperative and collaborative relationships with stakeholders

The ACNC has since its inception worked cooperatively and collaboratively with stakeholders. The PUG and SUG are the best examples of this relationship. Engagement with these groups throughout 2016-17 improved the ACNC's regulatory approach, Annual Information Statement, and guidance products.

The ACNC developed a stakeholder engagement framework (the Framework) outlining our approach to consultation, the mechanisms we may use, and our RPF-linked commitments to do so. It is publicly available (published in January 2016) on the ACNC website at acnc.gov.au/stakeholderengagement. The approach and mechanisms articulated in the Framework address the reduction of regulatory burden. For example: 'the ACNC is committed to providing accurate, timely and relevant information to charities to help them understand and meet their obligations to the ACNC in a way that minimises the impact on their time and resources.'

In addition, the ACNC has an Aboriginal and Torres Strait Islander Communities Engagement Strategy, publicly available at acnc.gov.au/ATSICommunityEngagement.

The ACNC Compliance Directorate continued to chair the International Regulators Teleconference, as well as the Compliance Information Forum with state and territory regulators, to share best-practice and discuss risks.

Stakeholders are engaged in developing options to reduce compliance costs

Stakeholders were extensively engaged in 2016-17 to improve the regulatory framework for charities. The ACNC's objective is to align ACNC and state/territory regulatory and reporting frameworks in the following five areas:

1. incorporated association (and cooperative) regulations
2. fundraising licensing and regulation
3. taxation concessions (including charity definition)
4. grants and procurement
5. lotteries and raffles regulation.

As identified in KPI 1, in mid-2016 new legislation passed in both South Australia and Tasmania to effectively lessen the regulatory load for those states' charities. This momentum continued into 2017, when our work with ACT regulators brought an end to duplicative reporting requirements there.

Fundraising regulations in South Australia and the ACT were amended so that charities registered with the ACNC, seeking to collect donations in those jurisdictions, no longer need to apply for a licence to do so. Data-sharing agreements were implemented with South Australia, Tasmania and the ACT.

In June Consumer Affairs Victoria (CAV) confirmed it would introduce a 'report once – use often' approach for around 2000 fundraisers and 3000 incorporated associations registered with both the CAV and ACNC. This was in response to the Statement of Expectations from the Minister for Consumer Affairs, Gaming and Liquor Regulation, which included the reduction of the regulatory burden on Victorian NFPs as a CAV performance target for 2017–19.

In 2016–17, the ACNC contributed \$8.19 million in annual deregulation savings for charities, bringing our total contribution to \$33.75 million since January 2014.

Stakeholder feedback is shared with policy departments

The ACNC's Stakeholder Engagement Framework, published in January 2016 outlines how the ACNC will engage with stakeholders. The Framework recognises that 'consulting with stakeholders and genuinely listening to what they have to say is essential to developing high-quality policy'. It makes commitments to consult to this end, and details the principles underlying this engagement and the mechanisms that may be used. However, the Framework does not yet adequately outline how the ACNC will share stakeholder feedback with policy departments. In large part, this was due to the previous uncertainty about the ACNC's future, which made provision of policy feedback relatively ad-hoc.

Since the Government's March 2016 commitment to retain the ACNC, the ACNC has been working with government agencies to put ongoing feedback mechanisms in place. These include regular meetings with Treasury, the Australian Taxation Office, and the Department of Social Services.

Also, ACNC Compliance and red tape reduction staff have monthly telephone meetings with representatives of all the state regulators where current issues, nationally and in each jurisdiction, are discussed.

Overall assessment: Very Good

Areas for improvement:

- despite progress in aligning inter-jurisdictional reporting and regulation, there is significant work to do to improve the regulatory framework for charities. The ACNC will continue to work with all jurisdictions to remove duplicated reporting, simplify and harmonise the regulation of fundraising, and advocate a common definition of charity (including adoption by state and territory revenue offices).
- continue to improve the provision of feedback to policy departments, including feedback regarding possible improvements to the legislative framework.

Appendix A: Results

Regulator Performance Framework – ACNC Metrics – 2016-17 Results

The measures, evidence and sources are as approved in June 2015 by the ACNC, and validated by the ACNC consultative mechanism, the Sector User Group and Professional User Group. They were not amended in 2016: see acnc.gov.au/rpfmeasures

Measure: as per Australian Government Regulator Performance Framework.

Evidence: evidence of performance against each measure.

Source: source of the evidence. NB: where the source is a published policy or procedure, the annual self-assessment will include assessment of the ACNC's compliance with the policy or procedure. Where relevant, the ACNC will provide narrative regarding quantitative evidence sources.

Results:

Performance with respect to each item of evidence has been assessed as met, substantially met, partially met, or not met. An analysis of the result, including further detail about performance, is also provided.

For each *source* of evidence, the particular outputs for the 2015-16 year have been provided; however, these outputs do not in themselves establish performance against the evidence.

Result	Colour	Description
Met		Target met or exceeded.
Substantially met		Targets were mostly met.
Partially met		Some targets were met and issues managed
Not met		No or minimal progress was made against target.

KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities				
Measures	Evidence	Source	Result	Analysis
A	1.1	<p>Regulators demonstrate an understanding of the operating environment of the industry or organisation, or the circumstances of individuals and the current and emerging issues that affect the sector.</p> <p>Targeted consultation with the charity sector held at least once every quarter</p>	<p>Performance against standard</p> <p>Sector User Group meetings: 3 Professional User Group meetings: 3</p> <p>Roundtable consultations: 4</p> <p>Consultation forums: 1</p> <p>2017 Annual Information Statement consultation: 15 face to face sessions</p> <p>Highly regulated sub-sector discussions: 4</p>	<p> Targeted consultation</p> <p><i>User Groups</i> We engage with charity sector representatives through two user groups, the Professional User Group and the Sector User Group. The Professional User Group (PUG) comprises professional advisers mainly accountants and lawyers, who comment on matters of procedure, new guidance and publications.</p> <p>The Sector User Group (SUG) comprises representatives of peak bodies and charities, who comment on matters of procedure, new guidance and publications, and our interactions with and regulation of registered charities. In 2016–17, we hosted three Professional User Group meetings and three Sector User Group meetings.</p> <p><i>Roundtables and forums</i> In June 2017, we commenced a series of roundtable events for representatives from faith-based charities to discuss issues and challenges facing religious organisations.</p> <p>The purpose of these events is to ensure that religious organisations, which make up more than 30% of the charity sector in Australia, have a platform to discuss issues particular to their organisations - including the management of registration and obligations, reporting matters, red tape reduction efforts and compliance concerns.</p> <p>In December 2016, the ACNC and AUSTRAC hosted roundtable discussions with the sector in Sydney and Melbourne to seek the sector's view on terrorism financing and money laundering risks in Australia's not-for-profit sector.</p>

Measures	Evidence	Source	Result	Analysis
				<p>The ACNC and AUSTRAC co-presented on the National Risk Assessment of Australia's not-for-profit sector at the Chartered Accountants Australia and New Zealand conferences in Brisbane, Sydney and Melbourne.</p> <p>We attended all not-for-profit-related roundtable sessions held by the Australian Accounting Standards Board in this financial year.</p> <p><i>2017 Annual Information Statement Consultation</i></p> <p>Over the period of 4 August to 6 October 2016, the ACNC engaged in consultation with the public about the 2017 Annual Information Statement. We published a paper seeking input on a number of proposed amendments to the statement and invited people to submit feedback via an online survey, in writing or face to face at sessions held in 15 regional and metropolitan locations. We also ran a dedicated session for non-government schools.</p> <p>Of the 280 participants who contributed:</p> <ul style="list-style-type: none"> • 85 completed the online survey • 13 submitted a written response • 182 attended the face-to-face consultation sessions. <p>The consultations shaped the improvements we ultimately made to the 2017 Annual Information Statement, including a new requirement to specify the charity's number of full-time equivalent (FTE) staff.</p> <p><i>Highly regulated sector consultations</i></p> <p>Throughout 2016–17, we met with peak bodies and representatives from the heavily regulated sectors – including universities and aged care peak bodies – to discuss red tape reduction initiatives.</p>
	<p>1.2 Information reported by charities to the ACNC is analysed and published annually</p>	<p>Annually published report analysing Annual Information Statement data</p> <p>Data in the 2015 Annual Information Statement</p> <p>The Australian Charities Report 2015</p> <p>Australia's Smallest Charities (2015)</p>		<p>2015 Australian Charities Report</p> <p>Prior to the establishment of the ACNC, researchers and commentators interested in the not-for-profit sector noted the 'data-deficit' in relation to the economic circumstances of charities. In 2016, the ACNC continued filling this gap with the 2015 Australian Charities Report, and a report on charities with revenue below \$50,000.</p> <p>To increase accessibility and usability, the full dataset from the 2015 Australian Charities Report is available to the public on an interactive website ('data cube') as well as being uploaded to data.gov . The public can use the data to look at the sector from new angles and in more depth to find out more about Australia's charities at australiancharities.acnc.gov.au.</p> <p>We also published a report on charities with revenue below \$50,000, titled <i>Australia's Smallest Charities</i>. All reports are made available to the public at australiancharities.acnc.gov.au.</p> <p>Further information</p> <p><i>Open data</i></p> <p>In addition to the annual charities report, the ACNC makes the data we collect about charities freely and easily available. An important part of us meeting this commitment is publishing datasets of charity information on data.gov.au – which is the Government's official repository for open data. In January 2017, ACNC uploaded the 2015 Annual Information Statements of 46,000 charities. The information, which includes financials, is updated weekly, and allows users to download, compare, filter and sort it according to several variables. The ACNC's Charity Register dataset has been viewed over 30,000 times, is the sixth most viewed and fourth most downloaded dataset on the site.</p> <p><i>Other data analysis</i></p> <p>We regularly receive and respond to inquiries about charity data, and have been able to guide many inquirers to use our data resources to bolster their research, media or policy papers. We also maintained the ACNC research network, providing a forum for researchers and academics interested in studying the sector to get together with the ACNC. At network teleconferences, attendees received updates about the ACNC's research work and shared information about their projects.</p>

Measures	Evidence	Source	Result	Analysis
	<p>1.6 The registration process includes opportunities for charities to provide feedback</p>	<p>All successful and refused applicants are provided an opportunity to share feedback on the registration progress.</p> <p>Throughout 2016-17, successful and refused applicants could share feedback on the registration process.</p>		<p>Registration Feedback</p> <p>All registration applicants are sent an online customer experience survey, which seeks information about the organisation's experience with the registration process, including the processing analyst's level of helpfulness, courtesy and knowledge, the overall quality of the registration process; and timeliness.</p> <p>Most customers found the registration process to be a positive experience – 94 per cent of charities expressed overall satisfaction with the quality of our service.</p> <p>This year we achieved our highest target yet, processing 95 per cent of all applications within 15 days of receiving all the information from the charity. This has improved each year and supports our commitment that the ACNC registration process to be as customer friendly and efficient as possible.</p> <p>The ACNC commissioned Deloitte to review the registration function in 2016–17 to identify further efficiencies and business process improvements. Recommendations will be implemented during 2017-18.</p>
<p>KPI 2 – Communication with regulated entities is clear, targeted and effective</p>				
<p>A</p> <p>Regulators provide guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience.</p>	<p>2.1 Regulatory obligations of charities are explained through plain language guidance and education</p>	<p>Guidance published throughout the year</p> <p>New major guidance in 2016 -17:</p> <ul style="list-style-type: none"> • Fundraising: People in vulnerable circumstances • Charity reserves: financial stability and sustainability • Are there too many charities in Australia • Working with fundraising agencies • Managing people's information and data • FAQs: Charities and administration costs • Factsheet: State and territory regulation of fundraising • Factsheet: Address For Service • Factsheet: Men's Sheds • Factsheet: Parents & citizens groups and ACNC registration <p>Online and face-to-face education sessions delivered throughout the year</p> <p>Multimedia:</p> <ul style="list-style-type: none"> • 13 webinars • 12 how-to videos <p>Sector events run: 52 Speaking engagements: 76</p>		<p>Advice services provide advice directly to charities, in writing and over the phone.</p> <p>Guidance resources</p> <p>In 2016–17, we hosted webinars, published a wealth of new guides on relevant issues, introduced a podcast program and published a new Commissioner's Interpretation Statement.</p> <p>We also covered Parents & Citizens Associations' obligations to the ACNC and what they need to do to remain compliant. Participants can access past webinars and sign up for future webinars at acnc.gov.au/webinars.</p> <p><i>ACNC Charity Chat podcast</i> - We launched our podcast program late in the financial year, as a more casual forum dedicated to the discussion of all things charity-related. We produced two episodes in the financial year – the first focusing on the origins of charity, what it takes to be a charity today, and the difference between charities and not-for-profits.</p> <p><i>Fundraising information hub</i> - To help charities understand their obligations and avoid the pitfalls associated with fundraising, we created a dedicated fundraising information hub on acnc.gov.au, with content including state-specific regulations; personal information/data management; protecting people in vulnerable circumstances; crowdfunding; protecting your charity from the risk of terrorism funding; and working with fundraising agencies.</p> <p>To access this guidance and other useful tools, visit acnc.gov.au/publications</p> <p>Education Sessions</p> <p>In 2016-17 we hosted 13 webinars, developed 12 how-to videos ran 52 sector events, and presented at 76 sector events.</p> <p><i>Webinars</i> - Tailor made for organisations in the charity and wider NFP sectors, our webinar program provides information and guidance to help them operate effectively, avoid pitfalls or comply with legal, reporting or other requirements. We produce a new webinar each month designed to be relevant to our audience. Attendance rates of our webinars have more than doubled in 2017, with an average of 140 registrants per webinar.</p> <p><i>'How to' video guides</i> - Short videos are a great way to show people how to manage required tasks such as using the Charity Portal. This year we covered Changing responsible persons; Changing the Address For Service; Changing charity subtype; How to log in to the Charity Portal; How to change the Charity Portal password; How to download the Registered Charity Tick; and How to complete sections of the 2016 Annual Information Statement.</p> <p>The ACNC team travelled widely this year to talk about what we do, why we do it and how we can help charities understand and meet their regulatory obligations. In 2016–17 we ran 52 sector events and spoke at another 76 events, including international charity regulation events where we represented Australia. In addition, we participated in 253 stakeholder meetings on various issues in the charity sector in every state and territory in Australia.</p>

Measures		Evidence	Source	Result	Analysis
		2.2	Compliance with the Australian Government accessibility guidelines	Performance against Australian Government guidelines Partially compliant	 Accessibility of acnc.gov.au The ACNC remains committed to improving the accessibility of our website content, acknowledging we are not yet meeting the Government's Web Content Accessibility Guidelines (WCAG) Version 2.0. We undertook user-testing in 2015-16, however implementing the recommendations was difficult due to system constraints. The ACNC received funding in the 2017 Federal Budget, which will allow us to upgrade our information technology systems, including our website's content management system. Once this project is completed, and our systems have been migrated, our website will be fully compliant.
		2.3	Drafts of Commissioner Interpretation Statements are provided for public comment	Performance against standard During 2016-17 the ACNC published a Commissioner's Interpretation Statement on Public Benevolent Institutions	 Commissioner's Interpretation Statements After consultation on the draft, in December 2016, we published a Commissioner's Interpretation Statement on Public Benevolent Institutions (PBIs), which outlines the ACNC's current understanding of the law concerning PBIs and how organisations may fit the charity subtype. All feedback received in consultation was considered carefully and taken into account. Community feedback on the final Commissioner's Interpretation Statement has been very positive.
B	Regulators consider the impact on regulated entities and engage with industry groups and representatives of the affected stakeholders before changing policies, practices or service standards.	2.4	See 1.1, 1.2, 1.4, 6.1, 6.2 and 6.3		SEE 1.1, 1.2, 1.4, 6.1, 6.2 AND 6.3
C	Regulators' decisions and advice are provided in a timely manner, clearly articulating expectations and the underlying reasons for decisions.	2.5	Applications for charity registration are determined within 15 business days of receiving all information	Performance against standard Target is 95% of registrations are determined within 15 business days of receiving all information. This was exactly met in 2016-17.	 Registration timeliness We provide a supportive and interactive registration process, recognising that most applicants have limited knowledge of charity law. Our service standard is to finalise applications within 15 business days of receiving all necessary information. We achieved this standard for 95% of applications during 2016-17, meeting our new benchmark – which had been increased from 90% in 2014-15 and 93% in 2015-16. The ACNC received 3,753 applications for charity registration during the 2016-17 year. This includes 400 re-registration applications that were received from double-defaulter charities whose charity status was revoked due to failure to lodge two Annual Information Statements. Collectively this represents a 1.63 per cent decrease on the number of applications received during the previous financial year. Of the applications received, together with 696 that were on hand from the previous year: <ul style="list-style-type: none"> • 2,887 charities were registered or re-registered • 919 applications were refused or withdrawn • 643 are in the process of being assessed

Measures		Evidence	Source	Result	Analysis
		<p>2.6</p> <p>Refused applications for registration or remission of penalties are accompanied by a statement of reasons for decision</p>	<p>Performance against standard</p> <p>919 applications were refused or withdrawn in 2016-17. All refused applications were provided a statement of reasons for decision.</p> <p>50 requests for remission of penalties were refused, and 2 were partially refused. In all cases, a statement of reasons for decision was provided to the applicant.</p>		<p>Registration refusal: statement of reasons</p> <p>In 2016-17 919 applications were refused or withdrawn, a slight decrease of 33 from 2015-16. In all cases, a statement of reasons for decision was provided.</p> <p>The most common reason for refusal, accounting for over 80 per cent of the total, was that the applicant didn't provide sufficient information for us to determine whether their application met registration requirements. In these situations, we make two attempts to obtain the missing information before refusing an application.</p> <p>The remaining refusals occurred because the organisation applying for registration did not meet the requirements. These are organisations that:</p> <ul style="list-style-type: none"> • have non-charitable purposes (for example, sporting or recreational purposes) • provide private benefit • do not meet the not-for-profit requirements. <p>Refused remission of penalties: statement of reasons</p> <p>In 2016-17, we received 58 requests for remission for failure to lodge an Annual Information Statement on time penalty; 50 requests were refused. Six penalties were remitted, and two penalties were partially remitted. In all cases, a statement of reasons for decision was provided to the applicant.</p> <p>The most common the reasons for refusal were because the charity did not demonstrate any extenuating circumstances leading to the failure of the charity to lodge on time, and a poor compliance history. In all cases, charities received multiple reminder letters and a warning letter prior to the penalty being issued.</p>
		<p>2.7</p> <p>All objections are determined by an independent case officer and if disallowed are accompanied by reasons for decision</p>	<p>Performance against standard</p> <p>In 2016–17 we received seven registration review requests, compared with three the previous year. We also received 16 internal review requests relating to withhold information decisions.</p> <p>Internal reviews were determined by an independent case officer and, if disallowed, reasons for decision were provided to the applicant.</p>		<p>Objections</p> <p>Under the ACNC Act, a charity or its responsible person may object to certain ACNC decisions, requesting they be internally reviewed. In 2016-17 we received seven review requests that related to our decision to refuse charity registration or to refuse to register a charity with a particular subtype. We received another 16 review requests that related to withholding information from the Charity Register. This was 15 fewer review requests than received in 2015-16.</p> <p>We also received 11 failure to lodge penalty objections, and 3 objections to a revocation decision.</p> <p>In all cases, objections were determined by an independent case officer and, if disallowed, reasons for decision were provided to the applicant.</p>
<p>D</p>	<p>Regulators' advice is consistent and supports predictable outcomes.</p>	<p>2.8</p> <p>Staff make decisions according to published policies and procedures</p>	<p>Published policies and operational procedures</p> <p>Throughout 2016-17, the ACNC's policy statements and most operational procedures (except compliance procedures), were available on the ACNC website:</p> <p>Following review of the compliance function, compliance procedures were removed for updating. They will be restored at the completion of this process.</p>		<p>Consistent decision making</p> <p>ACNC staff make decisions according to published policies and operational procedures, consistent with the ACNC's overarching Regulatory Approach Statement. These policies and procedures are available publicly on the ACNC website: http://www.acnc.gov.au/ACNC/Pblctns/Pol/ACNC/Publications/Policies.aspx. They include the <i>Commissioner's Policy Statement 2012/03: Decision-making</i>, which sets out how the ACNC will make decisions in order to ensure high quality decision-making, promote consistency in decisions and to inform the public about how the ACNC makes decisions. Each directorate undertakes quality assurance process in relation to their activities.</p> <p>Decision-making training by the Australian Government Solicitor, was run.</p> <p>In 2015-16, the ACNC commissioned a comprehensive review of its compliance function, including all relevant policies and procedures. Following the review, compliance-related operational procedures were removed for comprehensive updating. They will be restored to the public website at the completion of this process which commenced during 2016-17.</p>

Measures	Evidence	Source	Result	Analysis
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KPI 3 – Actions undertaken by regulators are proportionate to the regulatory risk being managed

A	Regulators apply a risk-based, proportionate approach to compliance obligations, engagement and regulatory enforcement actions.	3.1	<p>Regulatory approach is risk-based and proportionate</p>	<p>Published annual compliance report outlining compliance activity and future focus areas</p> <p>In March 2017, we released the Charity Compliance Report 2015 and 2016, which summarised the ACNC's compliance activities of the past two years and our regulatory risk priorities for 2017 - 2019.</p> <p>Published regulatory approach statement</p> <p>ACNC Regulatory Approach Statement has been published on the website throughout 2016-17.</p>	 <p>Compliance activity and focus areas</p> <p>The ACNC uses a risk-based approach to allocate its compliance resources when addressing concerns about charities. We use our powers in a way that reflects both the risks and the evidence before us. In exercising our powers and functions, we adhere to the principles of regulatory necessity, reflecting risk and proportionate regulation.</p> <p>In total, the ACNC received 1,278 concerns about charities in 2016–17, which represents a 37 per cent increase over the prior year. The majority (72 per cent) of the concerns received by the ACNC were either addressed by our Advice Services team through the provision of education and guidance, or were out of our jurisdiction. Where the concern being raised is outside of the ACNC's jurisdiction – for example, internal disputes or employment issues – we refer the complainant to the relevant regulator or a source of advice.</p> <p>The remaining 28 per cent were progressed to the Compliance Directorate for assessment. In 2016–17, the ACNC managed 249 concerns of non-compliance associated with 212 registered charities. In 75 per cent of cases this year we found the non-compliant conduct in question was unintentional or that poor governance had left the charity vulnerable to misuse. In these cases, we provided regulatory advice, self-audit checklists and undertakings to explain non-compliance, and assisted charities in implementing corrective measures to return to compliance and protect themselves from potential abuse. The remaining 25 per cent of cases identified serious non-compliance and resulted in revocation.</p> <p>We work with other government bodies and agencies (international, Commonwealth, state/ territory and local governments) to ensure an appropriate whole-of-government approach is taken to compliance and enforcement matters. Through these close working relationships, the Compliance team also receives referrals from other government agencies.</p> <p>We focused our compliance resources in the following high risk areas:</p> <ol style="list-style-type: none"> 1. Fraud and financial mismanagement – including money laundering, tax avoidance, private benefit. 2. Terrorism – misuse of a charity for terrorist purposes or to foster extremism. This includes charities that support terrorism (financial or otherwise), and or have connections to a listed terrorist organisation, or a person or entity of concern. 3. Harm to beneficiaries – particularly children and vulnerable adults. 4. Political Activities – where the charity may be at risk of having a disqualifying purpose. 5. Lodgement and accuracy of Annual Information Statements – on time and accurate Annual Information Statement submissions are vital to the integrity of the Charity Register. <p><i>Review of ACNC Regulatory Approach Statement</i></p> <p>The underlying principles of our compliance and enforcement practice will not change. The ACNC uses a risk-based approach to allocate its compliance resources to address concerns that present the greatest risk to trust and confidence in the sector. Our proportionate approach to compliance provides charities a chance to address concerns whilst dealing with cases of serious misconduct quickly and firmly. This is consistent with the objects of the ACNC Act, which require the Commissioner to have regard to, among other things, the principles of regulatory necessity, reflecting risk, and proportionate regulation (section 15-10 of the ACNC Act).</p> <p>SEE ALSO 3.2, 3.3 & 4.1.</p>
		3.2	<p>Risk-based compliance and enforcement policy is published</p>	<p>Published compliance and enforcement policy</p> <p>The ACNC's risk-based Compliance and Enforcement Policy was available on the ACNC website throughout 2015-16.</p>	 <p>Compliance function review</p> <p>The ACNC commissioned Deloitte to conduct an independent audit of the ACNC Compliance function, which was completed in April 2016. The recommendations from the audit were accepted and are being implemented. As part of this process, all compliance procedures are being improved and during this time have been temporarily removed from the public website. The procedures will be re-published following this process. The overarching Compliance and Enforcement Policy, which supplements the ACNC's Regulatory Approach Statement and sets out our general approach to regulating charities, remained on the website throughout 2016-17.</p>

Measures	Evidence	Source	Result	Analysis
				<p>The Compliance and Enforcement Policy first principle is that our actions reflect risk and states: Before taking compliance or enforcement action, we will assess and consider, as a whole, a number of factors, including:</p> <ul style="list-style-type: none"> the type of problem, contravention or misconduct what or who is at risk the likelihood and frequency of occurrence or reoccurrence the potential impact on the charity (including the impact of any proposed enforcement action), and the risk profile of the charity and the behaviour of those on the governing body. <p>These factors ensure that any action taken by the ACNC is suitable and relative to individual circumstances.</p> <p>SEE ALSO 3.1</p>
<p>B</p> <p>Regulators' preferred approach to regulatory risk is regularly reassessed. Strategies, activities and enforcement actions are amended to reflect changing priorities that result from new and evolving regulatory threats, without diminishing regulatory certainty or impact.</p>	<p>3.3</p> <p>Regulatory approach is reviewed every three years</p>	<p>Performance against standard</p> <p>The ACNC's Regulatory Approach Statement, was reviewed during 2015 and will be reviewed again in 2018.</p> <p>Published regulatory approach statement</p> <p>The ACNC's updated Regulatory Approach Statement was published on 27 November 2015.</p>		<p>Review of ACNC Regulatory Approach Statement</p> <p>In 2015-16 after two years of operation, and consistent with the governments Regulatory Performance Framework (RPF), we elected to review the ACNC Regulatory Approach Statement – the statement that guides our approach to charity regulation. The purpose of the review was to ensure that the Regulatory Approach Statement remains current, relevant and fit-for-purpose.</p> <p>The revised Regulatory Approach Statement was published on 27 November 2015. It is available at: acnc.gov.au/regulatoryapproach.</p>
<p>C</p> <p>Regulators recognise the compliance record of regulated entities, including using earned autonomy where this is appropriate. All available and relevant data on compliance, including evidence of relevant external verification is considered.</p>	<p>3.4</p> <p>Compliance and enforcement policy considers the prior record of a charity and information from previous investigations in its risk assessment, where possible</p>	<p>Published compliance and enforcement policy and operational procedures</p> <p>The ACNC Compliance and Enforcement Policy was available on the ACNC website throughout 2016-17. Following review of the compliance function, compliance procedures were removed for updating. They will be restored at the completion of this process.</p> <p>Published annual compliance report outlining compliance activity and future focus areas</p> <p>In March 2017, we released the Charity Compliance Report 2015 and 2016, which summarised the ACNC's compliance activities of the past two years and our regulatory risk priorities.</p>		<p>Charity compliance history</p> <p>As articulated in the ACNC's Regulatory Approach Statement and Compliance and Enforcement Policy, the ACNC considers the prior record of a charity and information from previous investigations in its risk assessments. Although ACNC compliance procedures are currently being updated, the underlying principles of our compliance and enforcement practice will not change. The ACNC uses a risk-based approach to allocate its compliance resources to address concerns that present the greatest risk to trust and confidence in the sector., an entity's prior behaviour will remain a fundamental consideration.</p> <p>The ACNC has also identified the need to significantly expand its access to available Compliance data. The ACNC is doing so through, including progressing formal arrangements with other government agencies (such as AUSTRAC) to access broader government data holdings that can assist in identifying risk in the sector, particular activities and entities. This will better inform the ACNC's understanding of an entity's prior behaviour.</p> <p>SEE ALSO 3.1 AND 3.2.</p>
<p>KPI 4 – Compliance and monitoring approaches are streamlined and coordinated</p>				
<p>A</p> <p>Regulators' information requests are tailored and only made when necessary to secure regulatory objectives, and only then in a way that</p>	<p>4.1</p> <p>Compliance teams use internally and publicly available data to identify candidates for investigation</p>	<p>Published compliance and enforcement policy and operational procedures</p> <p>The ACNC Compliance and Enforcement Policy was available on</p>		<p>Compliance information</p> <p>Receiving and investigating concerns about charities is a key component of our work to maintain and enhance public trust and confidence in the sector. In total, the ACNC received 1,278 concerns about charities in 2016–17, which represents a 37 per cent increase over the prior year.</p> <p>The majority (72 per cent) of the concerns received by the ACNC were either addressed by our Advice Services team through the provision of education and guidance, or were out of our jurisdiction. Where</p>

Measures	Evidence	Source	Result	Analysis
<p>minimises impact.</p> <p>Regulators' frequency of information collection is minimised and coordinated with similar processes including those of other regulators so that, as far as possible, information is only requested once.</p>			<p>the ACNC website throughout 2016-17. In April 2016, following review of the ACNC compliance function, compliance-related procedures were removed for comprehensive updating. They will be restored to the website at the completion of this process.</p> <p>Published annual compliance report outlining compliance activity and future focus areas</p> <p>In March 2017, we released the Charity Compliance Report 2015 and 2016, which summarised the ACNC's compliance activities of the past two years and our regulatory risk priorities for the coming 18 months.</p>	<p>the concern being raised is outside of the ACNC's jurisdiction – for example, internal disputes or employment issues – we refer the complainant to the relevant regulator or a source of advice. The remaining 28 per cent were progressed to the Compliance directorate for assessment. A breakdown of the source of these concerns is available in the 2017 annual report.</p> <p>We work with other government bodies and agencies (international, Commonwealth, state/ territory and local governments) to ensure an appropriate whole-of-government approach is taken to compliance and enforcement matters. Through these close working relationships, the Compliance team also receives referrals from other government agencies.</p> <p>See also 3.4.</p>
	4.2	<p>ACNC approved forms only request information necessary for the function of the form</p>	<p>Published operational procedure on creating, updating and reviewing forms</p> <p>Operational Procedure 2014/03: Creating, updating and reviewing forms.</p>	<p>Collection of necessary information</p> <p>The ACNC has published Operational Procedure 2014/03: Creating, updating and reviewing forms. This policy confirms that when drafting or modifying any forms, that the purpose and function of the form should be considered, and only information needed to fulfil these functions should be requested. The reporting obligations imposed by ACNC forms are also overseen by the cross-directorate Reporting and Red Tape Reduction Committee (RRTRC).</p> <p>See also 1.3.</p>
	4.3	<p>The Annual Information Statement is available through the online ACNC Charity Portal</p>	<p>Charity Portal</p> <p>The 2016 Annual Information Statement was made available through the online Charity Portal in August 2016.</p>	<p>Annual Information Statement in the Charity Portal</p> <p>The Charity Portal is a secure 'self-service' system for charities. Charities can log in and complete tasks that would have previously required them to submit a form via email or post, saving significant time and effort. Our aim is that charities can complete all reporting requirements with minimum effort and maximum accuracy.</p> <p>The portal was used to submit 32,955 electronic forms (mainly adding a responsible person), and there were 3.5 million Charity Portal views.</p> <p>The 2016 Annual Information Statement was made available through the Charity Portal in August 2016. Improvements were made to the 2016 Annual Information Statement in both functionality and guidance.</p> <p>In June 2016, the ACNC's Charity Portal was nominated for an Institute of Public Administration Australia Public Sector Innovation Award in the Digital Transformation category. This category recognised initiatives that demonstrate the spirit of digital transformation, including providing better and easier services and interactions with citizens. The ACNC's Charity Portal was one of three finalists, and was announced as the winner in July 2016.</p>
	4.4	<p>Streamlined reporting processes are implemented to obtain information from other regulators where appropriate</p>	<p>Performance against standard</p> <p>Streamlined reporting in place for: non-government schools; Indigenous Corporations</p>	<p>Streamlined reporting for highly regulated sectors</p> <p>In 2016–17, we continued to work closely with the Commonwealth Department of Education and Training (DET) to implement streamlined reporting arrangements for non-government schools that have charitable status and are registered with the ACNC.</p> <p>From the 2016 Annual Information Statement, the DET will collect the annual financial report on behalf of the ACNC.</p> <p>Additionally, schools that take part in transitional reporting arrangements will no longer need to verify the financial information in their Annual Information Statement, which has been based on the financial questionnaire submitted with DET. Instead, an ACNC preview page has been built into the financial questionnaire, which will allow charities to confirm the financial information that will be pre-populated in the Annual Information Statement.</p>

Measures	Evidence	Source	Result	Analysis
				<p>During 2016–17 we also met with representatives from the highly-regulated sectors. The higher education, hospital, aged care and medical research sub-sectors did not report having any significant issues with meeting reporting obligations to the ACNC.</p> <p>Charities registered as Aboriginal and Torres Strait Islander corporations are regulated by the Office of the Registrar of Indigenous Corporations (ORIC). Charities registered with ORIC are not required to report separately to the ACNC; the ACNC obtains relevant reports from ORIC.</p> <p>After discussions with the Tertiary Education Quality and Standards Agency (TEQSA) the MOU was retired in favor of less formal data-sharing arrangements.</p>
<p>B</p> <p>Regulators utilise existing information to limit the reliance on requests from regulated entities and share the information among other regulators, where possible.</p>	<p>4.5</p> <p>Charity Passport developed and maintained so that central charity data is available to government regulators to reduce regulatory burden</p>	<p>Availability of Charity Passport information</p> <p>The ACNC Charity Passport was available to authorised government officials throughout 2016-17.</p>		<p>Charity Passport</p> <p>The Charity Passport is the digital mechanism to facilitate the transfer of information (including corporate, activity, and financial information) about registered charities from the ACNC to other authorised government agencies. It is the core of the ACNC’s ‘report once, use often’ reporting framework, which reduces duplicated reporting across government.</p> <p>There are 20 government agencies (59 officers) using the Charity Passport as at 30 June 2017. This is a 25% increase since 30 June 2016, and a 186% increase since 30 June 2015.</p>
	<p>4.6</p> <p>Compliance officers share information with and make referrals to other regulators where appropriate</p>	<p>Published annual compliance report outlining compliance activity and future areas of focus</p> <p>Annual compliance activity and future focus areas are published within the Annual Report.</p>		<p>Working with other regulators</p> <p>We work closely with other government agencies to share information and determine who is best placed to act, so charities don’t need to field enquiries from multiple government regulators. We received 32 referrals from other government agencies and made 48 referrals to other government agencies where we considered the matter may have also fallen within their jurisdiction.</p>
<p>C</p> <p>Regulators base monitoring and inspection approaches on risk and, where possible, take into account the circumstance and operational needs of the regulated entity.</p>	<p>4.7</p> <p>Compliance staff act in accordance with risk-based policies and procedures</p>	<p>Published compliance and enforcement policy and operational procedures</p> <p>The ACNC Commissioner’s Policy Statement: Compliance and enforcement was available on the ACNC website throughout 2016-17. Compliance related operational procedures are currently being reviewed and will be updated in due course.</p> <p>Published annual compliance report outlining compliance activity and future focus areas</p> <p>In March 2017, we released the Charity Compliance Report 2015 and 2016, which summarised the ACNC’s compliance activities of the past two years and our regulatory risk priorities for the coming 18 months.</p>		<p>Risk-based practice</p> <p>In 2016–17, the ACNC assessed 249 concerns of non-compliance associated with 212 registered charities. These charities subject to compliance cases controlled \$5.1 billion of charitable assets.</p> <p>Our response is proportionate to the severity of the non-compliance, and in 75 per cent of cases this year we found the non-compliant conduct in question was unintentional or that poor governance had left the charity vulnerable to misuse. In these cases, we provided regulatory advice, self-audit checklists and undertakings to explain non-compliance, and assisted charities in implementing corrective measures to return to compliance and protect themselves from potential abuse.</p> <p>The remaining 25 per cent of investigations identified serious non-compliance and resulted in revocation.</p> <p>For the first time, in 2016–17 we issued financial penalties for the failure to lodge Annual Information Statements. On-time and accurate Annual Information Statements are vital to the integrity of the Charity Register. We sent 256 charities ‘final warning’ letters, which prompted 58 per cent of the late lodgers to submit their Annual Information Statements immediately (or deregister). Failure to lodge an AIS is also a consideration when selecting compliance cases.</p> <p>The 92 charities that did not submit their outstanding Annual Information Statements were each issued penalty notices up to the maximum value of \$4500. 78 of these charities have subsequently lodged their Annual Information Statement.</p> <p>ACNC Staff act in accordance with risk-based policies and procedures, consistent with the overarching ACNC Regulatory Approach Statement and Compliance and Enforcement Policy. Compliance monitoring and inspection activities are only conducted in relation to those matters that present the greatest risk to trust and confidence in the sector. In recognition of the varying degrees of capacity within the sector, Compliance activities are tailored according to the size and resources of the charity. Small charities are provided longer time frames for responding to the ACNC. Some compliance outcomes, such as penalties, vary depending on the size of the charity, with large charities paying higher penalty rates than medium and small sized charities.</p> <p>Following review of the ACNC compliance function in 2015-16, the ACNC’s risk-based procedures are being updated to improve practice.</p> <p>SEE ALSO 3.1, 3.2 AND 3.3.</p>

Measures	Evidence	Source	Result	Analysis
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KPI 5 – Regulators are open and transparent in their dealings with regulated entities

A	Regulators' risk-based frameworks are publicly available in a format which is clear, understandable and accessible.	5.1	Regulatory Approach Statement is published online	Performance against standard The ACNC's Regulatory Approach Statement was publicly available on the ACNC website throughout 2016-17.	 Regulatory Approach Statement The ACNC's Regulatory Approach Statement, which was updated in 2015-16, is available at acnc.gov.au/regulatoryapproach . See 3.3.
		5.2	Risk assessment framework is published online	Performance against standard Compliance related operational procedures are currently being reviewed and will be updated in due course.	 Risk assessment framework The ACNC's overarching risk assessment framework is articulated within the Regulatory Approach Statement and Compliance and Enforcement Policy which was available throughout 2016-17. In 2015-16, the ACNC reviewed its compliance function and we are currently updating our operational compliance policies and procedures. SEE 3.1 AND 3.2.
B	Regulators are open and responsive to requests from regulated entities regarding the operation of the regulatory framework, and approaches implemented by regulators.	5.3	Response to all requests for access to information provided within 30 days (those not under Freedom Of Information (FOI) or Privacy Acts)	Performance against standard Responses to general information requests within 14 calendar days: 100%	 General Information Requests The ACNC tries to make information available to the public outside of the formal FOI process as a general information request. The ACNC aims to respond to general information requests (those not made under the <i>Freedom of Information Act 1982</i> (FOI Act) or <i>Privacy Act 1988</i>) within 30 calendar days. In 2016-17, the ACNC responded to 100% of general information requests within 14 calendar days.
		5.4	Response to Freedom of Information Act Requests handled within 30 days (plus statutory extensions) or 60 days where third party consultation is required.	Performance against standard Responses to FOI Act within 30 days: 100% Responses to FOI Act within 60 days where third party consultation is required: 100%	 Freedom of Information Act Requests As outlined in the ACNC Annual Report, The ACNC received 14 requests for documents under the (FOI Act) during 2016–17. Ten of these were finalised and the outcomes were: <ul style="list-style-type: none"> • Full access provided – 2 • Partial access provided – 0 • Refused access to documents– 4 • Transferred request to another agency – 0 • Request withdrawn by applicant – 4 Under Part II of the FOI Act, the ACNC is required to publish information as part of the Information Publication Scheme (IPS). Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The ACNC has an IPS page available at acnc.gov.au .
C	Regulators' performance measurement results are published in a timely manner to ensure accountability to the public.	5.5	RPF self-assessment published in the ACNC Annual Report	Performance against standard The ACNC has elected to publish its RPF self-assessment separately from the Annual Report.	 RPF self-assessment report Consistent with other Commonwealth regulators, the ACNC elected to publish its RPF self-assessment separately from the ACNC Annual Report. It will be made publicly available on the ACNC website by the end of the 2017 calendar year, in accordance with RPF requirements. Although the RPF self-assessment report was not published in the Annual Report, the effect is that it will still be published in a timely manner to ensure public accountability, and so we consider that this standard has been met.

KPI 6 – Regulators actively contribute to the continuous improvement of regulatory frameworks

A	Regulators establish cooperative and collaborative relationships with stakeholders to promote trust and improve the efficiency and effectiveness of the regulatory framework.	6.1	At least three meetings of the Professional User Group are held annually	Performance against standard Meetings of the Professional User Group held in 2016-17: 3	 Professional User Group The Professional User Group comprises invited professional advisers and 'in house' legal and financial officers in the charity sector, ACNC representatives, and invited representatives of some government agencies that interact with the charity sector The group is convened by the ACNC in order to provide information and receive feedback on matters of procedure, policy, strategy, performance, publications and sector interaction. In 2016–17, we convened three meetings of the PUG. Engagement with the PUG improved the ACNC's regulatory approach, Annual Information Statement, and guidance products. They also reviewed the 2016 RPF.
		6.2	At least three meetings of the Sector User Group are held annually	Performance against standard Meetings of the Sector User Group held in 2016-17: 3	 Sector User Group The Sector User Group comprises representatives from peak bodies in the charity sector, ACNC representatives and other government agencies that interact with the charity sector.

Measures	Evidence	Source	Result	Analysis
				<p>The group is convened by the ACNC in order to provide information and receive feedback on matters of procedure, policy, strategy, performance, publications and sector interaction.</p> <p>In 2016-17, we convened three meetings of the Sector User Group. Engagement with the SUG improved the ACNC's regulatory approach, Annual Information Statement, and guidance products. They also reviewed the 2016 RPF.</p>
	6.3	<p>Stakeholder engagement framework outlines how the ACNC will engage with stakeholders to reduce regulatory burden and enhance knowledge of the regulated sector</p>	<p>Stakeholder Engagement Framework</p> <p>The ACNC Stakeholder Engagement Framework was published on the ACNC website in January 2016.</p>	<p> Stakeholder Engagement Framework</p> <p>The ACNC developed a stakeholder engagement framework (the Framework) outlining our approach to consultation, the mechanisms we may use, and our RPF-linked commitments to do so. It is publicly available (published in January 2016) on the ACNC website at: acnc.gov.au/stakeholderengagement. The Framework is aligned with the RPF. The approach and mechanisms articulated in the Framework address the reduction of regulatory burden. For example: 'the ACNC is committed to providing accurate, timely and relevant information to charities to help them understand and meet their obligations to the ACNC in a way that minimises the impact on their time and resources.'</p> <p>In addition, the ACNC has an Aboriginal and Torres Strait Islander Communities Engagement Strategy, publicly available at acnc.gov.au/ATSICommunityEngagement.</p> <p>Communities of Practice</p> <p>The ACNC Compliance Directorate continued to chair the International Regulators Teleconference, as well as the Compliance Information Forum with state and territory regulators, to share best-practice and discuss risks.</p>
B	6.4	See 6.1, 6.2 and 6.3		<p> Stakeholder engagement and regulatory framework improvement</p> <p>In 2016–17, the ACNC continued to work with state, territory and Commonwealth governments to reduce red tape, focusing on:</p> <ul style="list-style-type: none"> • incorporated association (and cooperative) regulation • fundraising licensing and regulation • taxation concessions (including charity definition) • grants and procurement (Charity Passport). <p>The ACNC works closely with state and territory representatives to reduce duplicative reporting requirements. Many initiatives are in progress, involving administrative change, Minister or Commissioner discretion or legislative change for transitioning to alignment with the ACNC.</p> <p>Fundraising regulations in South Australia and the Australian Capital Territory were amended so that charities registered with the ACNC, seeking to collect donations in those jurisdictions, no longer need to apply for a licence to do so. In addition to these reforms, the following took place in 2016–17:</p> <ul style="list-style-type: none"> • The Victorian Parliament passed an Act enabling the Minister of Consumer Affairs to exempt ACNC-registered charities that are incorporated associations in Victoria from reporting to the state regulator. • The ACNC promoted a discussion paper on establishing a common definition of 'charity' across all Australian jurisdictions and the potential impact of such a change, particularly on state revenue. • The ACNC shared data (through the Charity Passport) with 20 government agencies. <p><i>Regulation Reform Savings</i></p> <p>In 2016–17, the ACNC contributed \$8.19 million in annual deregulation savings for charities, bringing our total contribution to \$33.75 million since January 2014.</p> <p>The Commissioner's decision to accept financial reports lodged with state, territory and commonwealth regulators in place of ACNC reports for the 2016 reporting period achieved considerable savings. Another significant saving for charities came through the publication of a Commissioner's Interpretation Statement on Public Benevolent Institutions, which guides charities and the public on the requirements that a charity must meet to be registered as a Public Benevolent Institution. Other measures included streamlined reporting for ancillary funds, which now report once to the ACNC and no longer need to separately report to the ATO. The online Annual Information Statement and bulk lodgement processes were also improved, with the addition of auto-calculation making submission easier and faster.</p>

Measures	Evidence	Source	Result	Analysis
				<p><i>Simplifying reporting for charities through sector-specific accounting standards</i></p> <p>Our consultations with key stakeholders to promote the adoption of sector-specific accounting standards continued in 2016–17.</p> <p>The ACNC made a submission to the Australian Accounting Standards Board's consultative document Exposure Draft 277 – Reduced Disclosure Requirements for Tier 2 Entities, which proposed changes to the current Reduced Disclosure Requirements (RDR) decision-making framework. Due to the high proportion of charity sector organisations that prepare Special Purpose Financial Statements, we believe that simplifying the RDR application would be beneficial. We also support further consideration of the guidance available to charities to assess for themselves the type of financial statements they prepare.</p> <p>During the year, the ACNC initiated an environmental scan on the National Standard Chart of Accounts (NSCOA). The purpose of this scan was to measure the current use and awareness of NSCOA. Data was primarily collected through surveys, with over 750 responses.</p> <p>Although the ACNC is finalising the environmental scan, initial indications are that the charity sector supports the NSCOA. However, the results show that improvements to NSCOA are required. In 2017–18, we will work on updating and improving NSCOA and will also continue to promote its use.</p> <p>See also 6.1, 6.2 and 6.3.</p>
<p>C</p> <p>Regulators regularly share feedback from stakeholders and performance information (including from inspections) with policy departments to improve the operation of the regulatory framework and administrative processes.</p>	<p>6.5</p> <p>Stakeholder engagement framework outlines how the ACNC will share feedback from stakeholders with policy departments</p>	<p>Stakeholder engagement framework</p>		<p>Sharing stakeholder feedback with policy departments</p> <p>The ACNC's Stakeholder Engagement Framework, published in January 2016 outlines how the ACNC will engage with stakeholders. The Framework recognises that 'consulting with stakeholders and genuinely listening to what they have to say is essential to developing high-quality policy'. It makes commitments to consult to this end, and details the principles underlying this engagement and the mechanisms that may be used. However, the Framework does not yet adequately outline how the ACNC will share stakeholder feedback with policy departments. In large part, this was due to the previous uncertainty about the ACNC's future, which made provision of policy feedback relatively ad-hoc.</p> <p>Since the Government's March 2016 commitment to retain the ACNC, the ACNC has been working with government agencies to put ongoing feedback mechanisms in place. These include regular meetings with Treasury, the Australian Taxation Office, and the Department of Social Services.</p> <p>Also ACNC Compliance and red tape reduction staff have monthly telephone meetings with representatives of all the state regulators where current issues, nationally and in each jurisdiction, are discussed.</p>
	<p>6.6</p> <p>Report is published analysing the previous year's cases and forecasting risk areas for future year annually</p>	<p>Published annual compliance report outlining compliance activity and future focus areas</p>		<p>In March 2017, we released the Charity Compliance Report 2015 and 2016, which summarised the ACNC's compliance activities of the past two years and our regulatory risk priorities for the 2017 – 19 period.</p> <p>In March 2017 we also released an analysis of the data provided by charities in their 2015 AIS, Data in the 2015 Annual Information Statement</p> <p>SEE 3.1, 3.2 AND 4.1.</p>

Appendix B: Summary of feedback from consultation

ACNC 2016-17 Regulator Performance Framework Self-assessment: Stakeholder Feedback

Background

As part of its obligations under the Regulator Performance Framework (**RPF**), the Australian Charities and Not-for-profits Commission (**ACNC**) is required to subject its self-assessment report to 'validation' by the approved RPF stakeholder consultation mechanism. The ACNC's stakeholder consultation mechanism is the Sector User Group (**SUG**) and Professional User Group (**PUG**).

We also provided the ACNC Advisory Board (**Advisory Board**) an opportunity to provide feedback at their meeting on 3 November 2017, although they are not part of the formal external stakeholder validation process.

Methodology

The ACNC circulated the draft RPF self-assessment report and metric (attachment A) to members of the PUG and SUG ahead of the ordinary November meetings. At the meetings, a dedicated consultation session was held in which feedback on the draft was sought.

Feedback was also sought by an online survey which was sent to all members. This year we have provided the documents more than 2 weeks ahead of the meetings and designed a survey form in which members can:

- indicate their agreement with the ACNC's self-assessment against the key performance indicators (KPI) and overall assessment;
- if they disagree, whether the self-assessment should be higher or lower;
- and provide feedback on each KPI and the overall assessment.

The validation process was completed at the respective November meetings, PUG 17 November 2017 and SUG 24 November 2017.

The ACNC Advisory Board were provided with a copy of the draft RPF self-assessment report and metric over a week before the meeting and it was discussed during the 3 November 2017 meeting.

Feedback

Professional User Group

The PUG meeting validated the ACNC's self-assessment. No feedback was provided at the meeting, and limited comment was provided through the survey.

The PUG RPF survey was distributed by email to 48 members of the PUG on 30 October 2017, and by closure of the survey on 20 November 2017 nine surveys had been completed.

Most respondents agree with the ACNC's self-assessment against the KPIs and overall assessment. However, where PUG members disagreed with the self-assessment most believed the rating should be higher, except one member who believed all KPI should be lower due to a complaint lodged by a charity.

	Agreed	Disagreed	Should be*
KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities. <i>Very Good</i>	8	1	Lower
KPI 2 – Communication with regulated entities is clear, targeted and effective. <i>Very Good</i>	6	1 2	Lower / Higher
KPI 3 – Actions undertaken by regulators are proportionate to the regulatory risk being managed. <i>Very Good</i>	8	1	Lower
KPI 4 – Compliance and monitoring approaches are streamlined and coordinated. <i>Very Good</i>	8	1	Lower
KPI 5 – Regulators are open and transparent in their dealings with regulated entities. <i>Very Good</i>	6	1 2	Lower / Higher
KPI 6 – Regulators actively contribute to the continuous improvement of regulatory frameworks. <i>Very Good</i>	6	1 2	Lower / Higher
Overall Assessment. <i>Very Good</i>	7	1 1	Lower / Higher
	49 (78%)	14 (22%)	

*If a respondent disagreed with the self-assessed rating there were asked if it should have been higher or lower.

We received feedback on all the KPIs and two overall comments; which have been summarised and then reproduced in full in Attachment A.

Feedback summarised

The guidance and advice provided by the ACNC is of great assistance to charities. Particularly small and medium charities who may not be able to source regular independent legal advice and rely on the resources the ACNC provides. The ACNC has also acted swiftly to address issues as they arise, such as the guidance on working with fundraisers, and is innovative in the use of social media and electronic media to disseminate information.

ACNC is the one regulator who seems prepared to work closely with and sensibly rely on other regulators (where appropriate) and this makes it balanced in its approach.

The publication of the Charity Compliance Report 2015 and 2016 has furthered understanding of the ACNCs expectations of charities both within the sector and in the general public.

The ACNC has continued to work on reducing red tape, and have achieved significant reduction of duplicate reporting with state and territory regulators. The PUGs interaction with the ACNC in relation to this has been very positive.

The only negative feedback stated: Our ratings in this survey are based on the ACNC's purported use of s45-10 to regulate charity internal disputes/governance failures and associated Ombudsman's findings arising from a complaint lodged by a charity.

Sector User Group

The SUG meeting validated the ACNCs self-assessment. No specific feedback was provided at the meeting, and limited comment was provided through the survey.

The SUG RPF survey was distributed by email to four members of the SUG on 30 October 2017, and by closure of the survey on 27 November 2017 six surveys had been completed.

Most respondents agree with the ACNC's self-assessment against the KPIs and overall assessment. However, where SUG members disagreed with the self-assessment they all believed the rating should be higher.

	Agreed	Disagreed*
KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities. <i>Very Good</i>	5	1
KPI 2 – Communication with regulated entities is clear, targeted and effective. <i>Very Good</i>	4	2
KPI 3 – Actions undertaken by regulators are proportionate to the regulatory risk being managed. <i>Very Good</i>	4	2
KPI 4 – Compliance and monitoring approaches are streamlined and coordinated. <i>Very Good</i>	5	1
KPI 5 – Regulators are open and transparent in their dealings with regulated entities. <i>Very Good</i>	6	0
KPI 6 – Regulators actively contribute to the continuous improvement of regulatory frameworks. <i>Very Good</i>	3	3
Overall Assessment. <i>Very Good</i>	5	1
	32 (76%)	10 (24%)

* If a respondent disagreed with the self-assessed rating there were asked if it should have been higher or lower. All respondents stated the rating should have been higher.

We received feedback on all the KPIs and the overall assessment; which have been summarised and reproduced in full below.

Feedback summarised

The ACNC has performed extremely well and has not unnecessarily impeded the efficient functioning of charities.

The ACNC is an excellent communicator - with clear targeted and effective communication. It utilises a variety of old and contemporary media to effectively convey its messages to its widely diverse stakeholders.

Just because the ACNC may identify ways in which it can always improve, that does not, of itself, justify a score less than excellent on a KPI.

We have appreciated the improvement in the ACNC's reporting platforms. There is considerable improvement possible in quality compliance monitoring - but that is largely reliant State Governments and other regulators.

The ACNC continues to be an exemplary regulator which others should seek to emulate.

ACNC Advisory Board

While not part of the formal validation process, the Advisory Board was very positive in its feedback. It was commented that the self-assessments were conservative and could potentially be increased to “Excellent, with no or minor room for improvement”.

The only specific suggestion was to document the actual number of charity registration applications received, how many were ineligible or withdrawn and how many registered, under metric 2.5. This suggestion was supported by the executive and figures published in the annual return have been included in attachment A.

Summary: the feedback and how it will be addressed

The ACNC Advisory council recommended some additional information in relation to registration work be included in attachment A. This was sourced directly from the ACNC Annual report and has been included.

The PUG has not recommended any changes.

PUG & SUG feedback provided for each KPI and the overall assessment

KPI 1

We acknowledge the ACNC's continued efforts to reduce red tape for charities in FY16-17. In particular, we welcome the significant work done with state and territory regulators to eliminate duplicated reporting. We note during this reporting period the ACT removed some reporting provisions for charities registered with the ACNC.

Officers always apply appropriate common sense when responding to situations.

We have found the ACNC to be an exemplary regulator - it is responsive and appropriately transparent and has continued to provide good guidance while maintaining its regulatory stance.

The ACNC is the clearest, most reliable and efficient regulator we deal with.

Within the necessary constraints involved in collecting information for regulatory purposes the ACNC has performed extremely well and has not unnecessarily impeded the efficient functioning of charities

KPI 2

The charities we work with, particularly small and medium charities without funds to independently obtain legal advice, benefit greatly from the guidance and information that the ACNC provides, including the new resources developed in FY16-17. We also acknowledge the ACNC has acted quickly when issues have arisen that have had an impact upon the sector, for example, its guidance on 'working with fundraisers'. We also note that in doing so the ACNC has partnered with other sector bodies with specialist knowledge (i.e. the Public Fundraising Regulation Authority and the Fundraising Institute of Australia). We also welcomed the clarity and detail in the Commissioners Interpretation Statement on Public Benevolent Institutions. The ACNC's active use of social media has also been a fantastic way in which charities can keep updated with the work of the ACNC and the release of helpful new materials, webinars, podcasts, etc.

The ACNC has proved to be an exemplary and excellent communicator - with clear targeted (as necessary) and effective comms in a wide variety of old and contemporary media - always getting its messages (and, importantly, the reasons for them) to its widely diverse audience.

KPI 3

ACNC is the one regulator who seems prepared to work closely with and sensibly rely on other regulators (where appropriate) and this makes it balanced in its approach.

Proportionality has been a guiding principle in all that the ACNC does in performing its regulatory functions since its inception - it may identify ways in which it can always improve but that does not, of itself, justify or give cause for a score less than excellent on this KPI.

KPI 4

We have appreciated the improvement in the ACNC's reporting platforms and the alignment with CAV. There is considerable improvement possible in the area of quality compliance monitoring - but that is largely reliant on a willingness from State Governments and regulators.

ACNC is the one regulator who seems prepared to work closely with and sensibly rely on other regulators (where appropriate) and this makes it balanced in its approach.

The ACNC's approaches to its actions are as streamlined and circumstances and the need for rigour, clarity and consistency allow and are always well co-ordinated internally and, to the extent possible, with external regulators and other bodies (such as funders).

KPI 5

We commend the ACNC for the release of the Charity Compliance Report 2015 and 2016. We note that during this period the ACNC continued to work on revisions to the Compliance and enforcement policy, and upon completion have published this information. These reports, guidelines and publications of revocation decisions help charities to understand the ACNC's compliance and enforcement activities and its approach to regulation of the sector. This is also very important to the broader community, as it helps them understand that action is taken where charities are non-compliant.

Doing a great job in this aspect.

We have found the ACNC to be an exemplary regulator - it is responsive and appropriately transparent and has continued to provide good guidance while maintaining its regulatory stance.

The ACNC is both transparent and communicative.

KPI 6

There is still confusion, it seems, about when the Corporations Act provisions are switched off for companies that are trustees of charitable trusts and the trust, not the company, is registered as the charity

In our experience, in FY16-17 the ACNC continued to undertake extensive, meaningful consultation with the charity sector. Our experience of participating in the ACNC Professional Users Group, as well as having the ability to communicate with ACNC staff in a variety of other forums, has been so positive as to justify an assessment of 'Excellent', rather than 'Very Good'. We welcome the ACNC's continued efforts to improve regulatory frameworks and to align state and territory regulatory and reporting frameworks, noting the positive progress made to date.

ACNC has been relentless in pursuing the States to tidy up the regulatory mess on fundraising, despite (until recently) apparent lack of interest from States.

I commend ACNC's efforts in terms of red-tape reduction. Other regulators and the various governments who currently impose inconsistent requirements/obligations should be more cooperative.

Similar to an earlier response the ACNC's approach is terrific. That of other regulators that overlap the regulation of entities under the ACNC's scrutiny is less so.

The ACNC is a regular contributor and dialogues often with other agencies also involved in regulation of charities and has gone to great lengths to seek harmonisation with other jurisdictions' and agencies' regulatory frameworks - even in difficult circumstances.

Overall comment

The ACNC has been remarkably successful in convincing the sector of its worth, given Federal Government opposition to its very being in ACNC's early years

ACNC is the easiest of regulators to work with. It deserves the good ratings.

The failure to extend the appointment of the first Commissioner and to appropriately manage a seamless transition presents a risk going forward. It is vital that the appointee, whoever that might be, has the confidence and respect of the sector and broadly continues a similar course.

Our ratings in this survey are based on the ACNC's purported use of s45-10 to regulate charity internal disputes/governance failures and associated Ombudsman's findings arising from a complaint lodged by a charity.

For the reasons set out in my comments on individual KPIs I believe the ACNC merits and warrants a higher overall rating than that which it has judged as being appropriate. The ACNC continues to be an exemplary regulator which others should seek to emulate.