

ACNC 2018-19 Regulator Performance Framework Self-assessment

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Overview

1. 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):
 - Regulators do not unnecessarily impede the efficient operation of regulated entities
 - Communication with regulated entities is clear, targeted and effective
 - Actions undertaken by regulators are proportionate to the regulatory risk being managed
 - Compliance and monitoring approaches are streamlined and co-ordinated
 - Regulators are open and transparent in their dealings with regulated entities
 - Regulators actively contribute to the continuous improvement of regulatory frameworks
2. 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.
3. Regulators are required to assess their performance under the RPF each year. The ACNC's results against each metric are detailed in **Appendix A**.
4. The body of this Report summarises the ACNC's performance against each KPI, grouped into the associated measures of good regulatory practice.
5. This self-assessment was finalised in August 2019.

Methodology

6. The ACNC's performance was assessed by senior ACNC officers, reviewed by ACNC directors, and endorsed by the Commissioner and Assistant Commissioner.
7. 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 Users Group (professional advisers) and Sector Users Group (charity representatives). The ACNC's draft self-assessment report was considered by these groups in August 2019; their comments and the ACNC's response to these comments are detailed at **Appendix B**.
8. 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

9. 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

Areas for improvement identified in the 2017-18 RPF report

10. In the 2017-18 RPF report, the following areas of improvement were identified for each KPI:

No	KPI	Areas of improvement
1	Regulators do not unnecessarily impede the efficient operation of regulated entities	<ul style="list-style-type: none"> Improving the accessibility and useability of the ACNC's website, forms and the Charity Portal. Continuing to work with federal, state and territory regulators to eliminate duplicated reporting.
2	Communication with regulated entities is clear, targeted and effective	<ul style="list-style-type: none"> Improving accessibility of web content towards 100% compliance with the Web Content Accessibility Guidelines Version 2.0. Continuing to improve communication with charities through refining guidance and tailoring emails.
3	Actions undertaken by regulators are proportionate to the regulatory risk being managed	<ul style="list-style-type: none"> Finalising a review of the ACNC's Regulatory Approach to confirm that it remains up-to-date and fit for purpose. Increasing access to other data holdings (such as data held by AUSTRAC and the Australian Criminal Intelligence Commission) and continuing to use a wide range of data and intelligence to inform our understanding of risk.
4	Compliance and monitoring approaches are streamlined and coordinated	<ul style="list-style-type: none"> Improving the accessibility and useability of the ACNC's website, forms and the Charity Portal. Continuing to promote and expand the use of the Charity Passport.
5	Regulators are open and transparent in their dealings with regulated entities	<ul style="list-style-type: none"> Finalising a review of the ACNC's Regulatory Approach to confirm that it remains up-to-date and fit for purpose. Updating our procedure on publishing datasets.
6	Regulators actively contribute to the continuous improvement of regulatory frameworks	<ul style="list-style-type: none"> Continuing to work with federal, state and territory regulators to eliminate duplicated reporting. Continuing to improve the provision of feedback to policy departments.

11. Each of the areas of improvement identified in the 2017-18 RPF report have been addressed in this report, and the ACNC's self-assessment in the 2018-19 RPF report is partially based on our success in addressing the areas of improvement listed above.

Overall assessment for the 2018-19 RPF report

12. The ACNC considers that its overall performance in achieving the KPIs in 2018-19 was **Very Good, with minor room for improvement**, identical to the previous year. KPI1 has been assessed as *good*, a lower rating than in 2017-18. The reasons for this are set out below, with steps the ACNC will take to improve over the course of the year. KPI5 was rated as *Excellent*, an improvement from *Very Good* in 2017-18. All other KPIs were rated as *Very Good, with minor room for improvement*.
13. We are committed to making further improvements over the course of 2019-20. The government response to the report [Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislative Review 2018](#) will frame improvements for regulation of the sector.
14. Our areas of improvement identified in 2018-19 are below:

No	KPI	Areas of improvement
1	Regulators do not unnecessarily impede the efficient operation of regulated entities	<ul style="list-style-type: none"> Consolidating the improvements to the ACNC's website, forms and the Charity Portal to ensure they deliver a reduction in compliance costs for the charity sector. Continuing to work with federal, state and territory regulators to eliminate duplicated reporting. Working towards an earlier release of the annual Australian Charities Report.
2	Communication with regulated entities is clear, targeted and effective	<ul style="list-style-type: none"> Continuing to improve accessibility of web content towards 100 % compliance with the Web Content Accessibility Guidelines Version 2.0.
3	Actions undertaken by regulators are proportionate to the regulatory risk being managed	<ul style="list-style-type: none"> Providing further resources to enable charities to understand and address their key governance risks. Continuing to work with other regulators and formalising these working relationships through Memoranda of Understanding, where appropriate.
4	Compliance and monitoring approaches are streamlined and co-ordinated	<ul style="list-style-type: none"> Reviewing the operational procedure for forms to ensure it remains current and accurate. Continuing to promote and expand use of the Charity Passport. Ensuring that improvements to the ACNC website and Charity Portal result in reduced compliance costs associated with annual reporting.
5	Regulators are open and transparent in their dealings with regulated entities	<ul style="list-style-type: none"> None identified.
6	Regulators actively contribute to the continuous improvement of regulatory frameworks	<ul style="list-style-type: none"> Reviewing and, as necessary, updating the Stakeholder Engagement Framework to ensure it is current and fit-for-purpose. Continuing to work with federal, state and territory regulators to eliminate duplicated reporting. Improving consultation mechanisms for small charities.

15. Our external stakeholder groups, the Professional User Group and Sector User Group provided feedback on our self-assessment in August 2019, with the majority validating our ratings. This feedback is further discussed in Appendix B.

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

16. The foundation of the ACNC's regulatory approach is a deep understanding of charities and the broader not-for-profit sector. The ACNC develops and shares its knowledge of the sector through consultation, sector briefings, analysis and publication of charity data.
17. The ACNC engages the Professional Users Group (PUG), the Sector Users Group (SUG), professional advisers, charities and peak bodies on matters of procedure, guidance and our regulation of registered charities. In 2018-19, we hosted three PUG and three SUG meetings.
18. Our Executive team completed 56 speaking engagements in 2018-19, attending conferences, roundtables and Annual General Meetings. The ACNC Executive team also participated in 104 stakeholder meetings with charities, sector representatives and peak bodies on a variety of topics important to the charity sector. There were fewer speaking engagements and meetings than in 2017-18, reflecting the reduction in our Executive from three members to two members in June 2018. In the 2017-18 self-assessment, due to an administrative error, we incorrectly reported that the Executive team participated in 279 meetings. This should have been 189 stakeholder meetings.
19. The senior management of the ACNC have increased their representation of the ACNC at stakeholder meetings, and combined statistics for Executive and senior management engagements will be produced for 2019-20. The Director of Reporting and Red Tape Reduction presented at the series of 'Auditing and Assurance' conferences hosted by Chartered Accountants Australia New Zealand between March and May 2019. The Director of Registration presented at several events, including at faith-based events and at Xponential, and the Director of Compliance represented the ACNC at the International Safeguarding Summit. The ACNC Commissioner and the Education and Public Affairs team attended the Our Community Conference in May 2019.
20. ACNC staff also attend meetings and conferences hosted by or for the charity sector (or segments of the sector) to ensure they remain aware of the topics of regulatory concern to the sector. The Reporting team attend meetings with the accounting profession to discuss reporting issues. These meetings include the Emerging Issues Group as well as the Large National Network. In 2018-19, ACNC staff also attended the Australian Council for International Development (ACFID) Conference and the Director of Compliance attended the ACFID Risk Community of Practice Forums.
21. In 2018-19, we continued to analyse the information reported by charities in Annual Information Statements (AISs), helping the ACNC and the public to understand the sector. The [Australian Charities Report 2018](#) was published in May 2019. The report provides a succinct summary of the key facts and figures about Australia's charity sector, including income and expenses of charities, where they operate, who they help and what they do. Previously the preparation of the report has been outsourced, but this year it was produced in-house. The report was published several months later than previous reports. This was because of a major information technology (IT) upgrade occurring during the project (see paragraphs 28-30), as well as this being the first year the ACNC has produced the report internally. The ACNC is aiming to release future reports by March of each year.

22. We continued to share the data used to create the Australian Charities Report with the public on the Government's official repository for open data, data.gov.au. This enables researchers and other interested parties to undertake their own analysis of the data. The ACNC has now published nine datasets on data.gov.au. The ACNC registered charities dataset is the most popular ACNC dataset. It is the sixth most-viewed dataset on data.gov.au, with more than 50,000 cumulative views since the dataset was uploaded.
23. In 2018-19, we also published [submissions](#) to various bodies on matters that affect the charity sector, such as:
- the Senate Select Committee on Charity Fundraising in the 21st Century on fundraising regulation
 - the Treasury Consultation on Modernising Business Registers
 - the Treasury Consultation on Designing a Modern Australian Business Number System
 - the Department of Foreign Affairs and Trade related to their preventing sexual exploitation, abuse and harassment consultation
 - the Treasury Consultation on the ASIC Industry Funding Model and Registry Search Fees
 - the Joint Standing Committee on Electoral Matters on the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill
 - the Australian Accounting Standards Board on financial reporting for charities.

Minimising unintended negative impacts of regulatory activities

24. The ACNC continues to use a risk-based approach in allocating its compliance resources with a view to addressing concerns that present the greatest risk to trust and confidence in the sector. Our proportionate approach to compliance gives charities a chance to address concerns whilst dealing with cases of serious misconduct quickly and firmly. This is consistent with the ACNC Act, which requires the ACNC 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).
25. The ACNC recognises that charities often report to a range of government agencies. We continue to work with Commonwealth, state and territory agencies to reduce the regulatory reporting burden for charities. While we have made good progress (as outlined in previous self-assessments), we are aware that there is still more that can be done in this area.
26. The ACNC has implemented streamlined reporting arrangements with various state and territory jurisdictions, enabling charities to report directly to the ACNC. In 2018-19, we finalised a streamlined arrangement for charities incorporated in the Northern Territory (NT), benefiting over 200 charities (the NT has the smallest number of registered charities of all states and territories).
27. There are now streamlined reporting arrangements for charities in Tasmania, South Australia (SA), the Australian Capital Territory, (ACT), Victoria, New South Wales (NSW) and the NT. We continue to work towards finalising more streamlined reporting arrangements in the coming years.

Continuous improvement strategies reduce the costs of compliance for the sector

28. The ACNC received funding in the 2017 Federal Budget to replace our existing IT systems, a project which was completed in the 2018-19 year. The project consisted of two main phases, with the first phase deployed in October 2018 and the second phase finalised in June 2019. Among other elements, the project improved the search, accessibility and responsiveness of the Charity Register, and the functionality of online forms. A new charity portal was released to improve the ability of charities to manage their reporting obligations. Improvements in our IT will reduce the cost of compliance for the charity sector. Reductions in the cost of compliance will occur in the areas of annual reporting and voluntary revocation (which can now be completed online).
29. As part of the upgrade, all charities needed to recreate their access to the Charity Portal before they could submit their AIS. The ACNC Commissioner exercised his discretion to defer the lodgement of

the AIS, initially until 31 March 2019, and then until 7 April 2019, for charities with reporting periods ending between 30 June and 30 September.

30. As with any large-scale IT upgrade, there was a number of implementation issues. This resulted in delays for charities attempting to use the new system and, as a consequence, to an increase in negative feedback to the ACNC focused on the website and Charity Portal. Despite these 'teething difficulties', there has been some anecdotal feedback following the resolution of the issues that charities were happy with the assistance they received from our Advice Services team in resolving their difficulties and were positive about the new website. It is anticipated the sector will reap the full benefits of the upgrade in the 2019-20 reporting period.
31. Due to our improved online registration application process, the ACNC now has the ability to allow an applicant to make changes to their online application form after it has been submitted. Previously, if an applicant had not provided all the required information in the form, they would have to reapply and complete the entire registration form again. Now, an applicant can review the submitted form, make changes and resubmit when they are ready. This improved functionality has reduced compliance costs for the sector.
32. The ACNC also implemented new functionality allowing charities to self-initiate a resubmission of either the 2017 or 2018 AIS. Previously, charities were required to contact the ACNC to resubmit any AISs.
33. The 2018 AIS utilised improvements in our IT to deliver an enhanced product to the charity sector. Changes in the AIS functionality included better validation to help charities detect and prevent errors before submission, extra guidance and increased validation to assist charities to correctly identify their status as a Basic Religious Charity. These improvements have reduced the time (and therefore the cost) to complete the AIS.
34. The ACNC uses surveys to improve our forms and processes. All registration applicants are sent an online customer experience survey and can provide feedback on their experience with the registration process, including the level of helpfulness of the processing analyst and the overall quality of the process. We use these results to ensure we provide quality services to applicants – in 2018-19, 96 % of applicants expressed overall satisfaction with the quality of our service (an increase of two % compared to the 2017-18 result).
35. The ACNC asks all charities to complete a survey to provide feedback on the AIS. In 2018-19, over 1,750 charities provided feedback on the 2018 AIS (compared to 900 responses in response to the 2017 AIS). Due to the extension to the due date for lodging the 2018 AIS, staff are still analysing the feedback. The results will be used to improve the 2019 AIS.
36. In 2018-19, we received 212 compliments about the ACNC; in 2017-18 we received 244. The main theme of compliments was positive customer service experiences. The number of complaints about the ACNC was 1,019, a small decrease on the 1,202 complaints received in 2017-18. The vast majority of complaints related to IT issues which affected our website and Charity Portal. The ACNC anticipates that complaints will decrease in 2019-20 as charities become accustomed to the new systems and all teething issues are resolved. The ACNC expects that the analysis of complaints next year will also see the prevalence of complaints about IT systems decrease.

Overall assessment: **Good**

Key areas for improvement:

- Consolidating the improvements to ACNC's website, forms and the Charity Portal to ensure they deliver a reduction in compliance costs for the charity sector.
- Continuing to work with federal, state and territory regulators to eliminate duplicated reporting.
- Working towards an earlier release of the annual Australian Charities Report.

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

37. The ACNC continues to refine and improve the way that we deliver information. This will assist charities in understanding and fulfilling their regulatory obligations.
38. Apart from responding to queries directly and providing verbal and written guidance for individual enquiries, we continued to offer charities a wide range of education materials including webinars, podcasts, videos, factsheets and guides, along with providing tips and advice on our social media channels and in our two newsletters, ACNC Quarterly and the Commissioner's Column.
39. In 2018-19, the ACNC hosted 11 webinars. Throughout 2018-19, members of the ACNC staff appeared as guests on the podcast productions of professional groups. The ACNC's podcast, Charity Chat, was in hiatus until June 2019, when it was relaunched with an episode co-hosted by the ATO on the topic of charity tax concessions. The podcast will continue with new episodes in 2019-20.
40. Our Director of Reporting and Red Tape Reduction was also a regular guest on CPA Australia's podcast, recording three episodes with them over the year.
41. We have continued to develop guidance and resources specific to the issues affecting registered charities – including governance, how to meet ACNC obligations and self-assessment tools. We have also been preparing guidance on the External Conduct Standards, new standards which came into effect in July 2019. The guidance includes clear examples and case studies to assist charities to comply with the new Standards and was launched in 2019-20.
42. Along with the new website, which makes it easier to locate relevant information, the ACNC undertook a program of work to improve existing resources – including editing and updating the fraud guidance, [Protect your charity from fraud](#), and re-writing [My Charity and the ACNC: A guide to your charity's responsibilities to the ACNC](#). The ACNC also made improvements to a range of basic templates, which provide a useful starting point for many charities looking to develop policies and frameworks for their own organisations.
43. In November 2018, the ACNC published a new guide entitled [Gifts and honorariums](#), designed to provide advice for charities about the provision of gifts or honorariums to individuals, including current or outgoing Responsible Persons, members, staff or volunteers.
44. To assist charities in assessing their compliance with ACNC requirements, we produced and published the [Self-evaluation for charities](#), an interactive tool to help charities determine if they are meeting their ACNC obligations, and to identify issues that may prevent them from doing so.
45. Small charities (annual revenue less than \$250,000) are 65% of all registered charities. Extra small charities (annual revenue less than \$50,000) are 36% of all registered charities. Feedback from small charities and PUG is that this group of charities often do not have the resources or the tools required to ensure good governance.
46. In June 2019, we launched the [Small Charities Library](#) – a dedicated series of 23 factsheets designed specifically for small and extra-small charities. The resources contain insights into charity governance, record-keeping, and reporting, as well as information about common charity pitfalls such as conflicts

of interest and complaints handling. The Small Charities Library also contains links to practical resources, including relevant templates and checklists.

47. The ACNC continued to work with other regulators on issues that affect charities. For example, we have been working with both the Australian Taxation Office (ATO) and the Australian Securities and Investments Commission (ASIC) to ensure impacted charities are aware of the strengthened whistleblower protection regimes. We have issued guidance to the sector on these changes as well as ensuring ASIC and ATO consider not-for-profits in their communications.
48. We have also worked with the ATO and Treasury as they seek to modernise business registers and introduce a Director Identification Number. The ACNC has been proactive in ensuring these projects consider the needs and complexities of the charity sector in their design and implementation.
49. The ACNC has engaged heavily with the Australian Accounting Standards Board throughout the year, including making submissions on issues affecting charity reporting.
50. The ACNC has also worked with whole of government colleagues to support the implementation of the National Child Safe principles. These principles have the potential to be relevant to every charity, but are particularly relevant to those working directly with children.
51. We continued to use charities' reporting behaviour to tailor email communications, with the goal of improving on-time reporting submissions.
52. We are still working towards full compliance with the Web Content Accessibility Guidelines Version 2 (WCAG2.0) – however, the new website has allowed for significant improvements. For example, some of our policies and procedures are now available as HTML content for the first time. Work is continuing to improve the accessibility and readability of the website.

Communication

53. As highlighted under KPI1 (refer to paragraphs 17-19), the ACNC continued to consult with the charity sector and other stakeholders throughout 2018-19. This included meetings of the Professional Users Group (PUG) and the Sector Users Group (SUG). For example, when developing the External Conduct Standards guidance, the ACNC sought feedback from both the PUG and the SUG.
54. In developing the [Self Evaluation for Charities](#), the ACNC sought feedback from charities to ensure that the tool was appropriately designed to assist charities to self-assess their compliance with their obligations as registered charities.
55. In addition, the ACNC consulted with professional advisers to the sector when updating the Commissioner's Interpretation Statement on Health Promotion Charities. Once updated, the Statement will be published on the ACNC's website.
56. In late 2018, the ACNC commissioned a literature review on the four attributes mentioned in the second object of the ACNC Act – robust, vibrant, independent and innovative. This review drew on business and not-for-profit academic literature.
57. Following the publication of this review the ACNC has consulted on ways of understanding and measuring the four attributes, including workshops with academics, experts, charity representatives and researchers and discussions with regular consultation groups of professional and charity sector representatives. Wider consultation with the sector commenced in June 2019, testifying to the ACNC's strong commitment to consultation.
58. We also seek feedback in a range of ways, including online surveys (refer to paragraphs 34-35) and face-to-face feedback.

Timely and clear decisions and advice

59. The ACNC is committed to providing timely, high quality services to the public and charities.
60. We continue to provide a supportive and interactive registration process, recognising that most applicants have limited knowledge of charity law. Our service standard is to finalise 90% of applications within 15 business days of receiving all necessary information. This was a reduction from

the service standard for 2017-18 of 95% of applications to be finalised within 15 business days of receiving all necessary information. This reduction was due to a reduction in the staffing numbers in the Registration directorate.

61. Not only did we exceed the new standard, finalising 96.6 % of applications with 15 business days during 2018–19, we also exceeded the higher 2017-18 standard, although the result was a decrease of 1.4 % compared with 2017-18's result of 98%. This is a testament to the dedication and expertise of the Registration directorate.
62. Under the ACNC Act, a charity or its responsible persons may object to certain ACNC decisions, and request an internal review. In 2018-19 we received nine objections that related to a decision to refuse charity registration, or to refuse to register a charity as a particular subtype. These applicants were provided with a 'reasons for decision' document which outlined the ACNC's position.
63. During the 2018-19 period the ACNC has not issued any penalties to charities. Due to changes in the ACNC IT infrastructure, the ACNC Commissioner extended the period for submission of the 2018 AIS to 7 April 2019. On that basis, the program of work for late submissions of AISs has also been delayed and relevant penalties will be issued in late 2019.
64. We received two objections that related to the revocation of charity status due to compliance investigations – one decision was upheld, and the other is currently being assessed. These charities were provided with a 'reasons for decision' document which outlined the ACNC's position.
65. In 2018-19, phone enquiries, on average, were answered within 7 minutes. This was a significant difference compared to 2017-18 (38 seconds) and 2016-17 (62 seconds), attributable to an increase in the volume of calls and the average duration of calls. Customers required additional assistance with the new Portal and staff had to amend charity records to grant access.
66. The increase in workload was anticipated and the ACNC took several steps to meet demand, including extending advice line service window times, rostering additional staff, working overtime during the peak of demand, and reallocating assessments of online concerns to another team. The ACNC anticipates that as familiarity with the new system grows, the volume of calls will decrease and phone enquiries will again be answered promptly, enabling the ACNC to meet service standards. It is a testament to the quality of the Advice Services team that one of the main themes for compliments to the ACNC was the quality of the advice provided by the Advice Services staff and their friendliness, given the high demand on the service.

Consistency

67. ACNC staff make decisions based on published policies and operational procedures, consistent with the ACNC's overarching [Regulatory Approach Statement](#). In 2018 the Regulatory Approach Statement was reviewed, and the updated Statement was published on the ACNC website in December 2018. As part of the ACNC's commitment to consultation, PUG and SUG were given an opportunity to comment on the Statement before updates were finalised. The ACNC also used the opportunity to ensure all staff were aware of the contents of the Statement, and that regulation was occurring in line with the Statement.
68. All ACNC Policy Documents are available publicly on our 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 inform the public about how the ACNC makes decisions.
69. The ACNC undertakes quality assurance processes in relation to our decisions. To ensure consistency, ACNC administrative decision makers consult with the ACNC's Legal Counsel as required.
70. In 2018-19, several staff attending external "Decision making and reason writing" and "Advanced Government Decision making" workshops. Additionally, a combination of external and internal experts provided training to Registration and Legal and Policy on "Charitable Purpose and Public Benefit".

Overall assessment: **Very Good**

Key areas for improvement:

- Continuing to improve accessibility of web content towards 100 % compliance with the Web Content Accessibility Guidelines Version 2.0.
- Continuing to identify opportunities to assist small and very small charities meet their compliance obligations, thereby reducing the cost of regulation for this segment of the sector.

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

71. As highlighted in paragraph 24, the ACNC uses a risk-based approach in allocating its compliance resources with a view to addressing concerns that present the greatest risk to trust and confidence in the sector. Our proportionate approach to compliance gives charities a chance to address minor concerns of non-compliance whilst dealing with cases of serious misconduct quickly and firmly.
72. The ACNC remains committed to assisting genuine charities with governance issues. When charities' activities are placing them at risk of breaching the ACNC Act or Regulation, we will often address these matters through the provision of targeted regulatory advice. The regulatory advice reminds charities of their obligations and the ACNC's expectations. The advice may also suggest process or policy changes to prevent future non-compliance. In 2018-19, the ACNC provided 52 charities with regulatory advice, up from 28 in 2017-18.
73. Where a charity's non-compliance is significant but the ACNC determines that the charity's responsible persons are willing and able to correct matters, the ACNC's response may involve a compliance agreement or enforceable undertaking. These are action plans for the charity, and the ACNC monitors the charity's progress to ensure all measures have been implemented. In 2018-19, the ACNC entered into 25 compliance agreements.
74. In addition, as mentioned in paragraph 44, we produced and published the [Self-evaluation for charities](#), an interactive tool which aims to help charities determine if they are meeting their ACNC obligations, and to identify issues that may prevent them from doing so. The self-evaluation tool allows the ACNC to take a risk-based, proportionate approach to compliance where appropriate, allowing the charity to assess and improve its own governance where minor issues have been identified. In 2018-19 the ACNC instructed 51 charities to undertake a self-evaluation using the self-evaluation tool.

The approach to regulatory risk is regularly reassessed and improved

75. As outlined in paragraph 67, the [Regulatory Approach Statement](#) was reviewed, and the updated Statement was published on the ACNC website in December 2018. The review identified minor changes only, with the Statement remaining current, relevant and fit-for-purpose.

76. In April 2019 the ACNC published the [Charity Compliance Report 2018](#). The Charity Compliance Report examines the ACNC’s compliance and enforcement activities and provides valuable information to the charity sector on current risks and threats. The report uses aggregated data and de-identified information to give readers an insight into the compliance work of the ACNC and outlines the ACNC’s compliance focus for the year ahead. The report demonstrates how the ACNC constantly reflects on evolving regulatory threats and amends its compliance focus accordingly.

Consideration of available compliance data and recognition of compliance history

77. As articulated in the ACNC’s [Regulatory Approach Statement](#) and the [Commissioner’s Policy Statement: Compliance and enforcement](#), the ACNC considers the prior record of a charity and information from previous investigations in its risk assessments.

78. The ACNC also works with other government agencies to consider compliance risks. In 2018-19 the ACNC, with support from the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the ATO, identified charities at risk of misuse and worked with them to strengthen their processes and procedures.

79. The ACNC Governance Standards are minimum principles-based standards. Charities must meet the standards, but the steps they take to do so will depend on their particular circumstances. To assist charities to govern well, the ACNC provides a range of resources. Through analysing complaints and other compliance data, the ACNC has identified those areas of governance where charities experience most difficulty. The ACNC is developing a suite of products targeting those risk areas.

Overall assessment: Very Good

Key areas for improvement:

- Providing further resources to enable charities to understand and address their key governance risks.
- Continuing to work with other regulators and formalising these working relationships through Memoranda of Understanding, where appropriate.

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

80. 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 2018-19, we relaunched an upgraded Charity Portal, which gives charities greater control in managing their reporting obligations.

81. As noted in paragraph 29, to address delays resulting from the upgrade, the ACNC Commissioner exercised his discretion to defer the lodgement of the 2018 AIS until 7 April 2019 for charities with reporting periods ending between 30 June and 30 September.

82. The ACNC continues to assess the questions asked in the AIS, to ensure that only information that is required to regulate the sector is collected. In addition, in 2018-19 the ACNC made a number of

improvements to the functionality of the online AIS, making it easier for charities to report accurately to the ACNC.

83. When considering new forms, we continue to use [Operational Procedure 2014/03: creating, updating and reviewing forms](#). This procedure confirms that when drafting or modifying any forms, the purpose of the form should be considered, and only information needed to fulfil this purpose should be requested. This operational procedure will be reviewed in 2019-20 to ensure it remains current and accurate, given the system changes implemented in 2018-19.
84. As highlighted in the 2017-18 self-assessment, the ACNC has a range of streamlined reporting arrangements in place, which ensures that information requests are kept to a minimum. In 2018-19, streamlined reporting arrangements for registered charities that are incorporated in the NT were agreed. From the 2019 AIS, these charities can now complete an AIS for the ACNC, and the ACNC will share the relevant information with the NT government, reducing the annual reporting requirements of these charities.
85. The ACNC continued to utilise Memoranda of Understanding (MOU) with various Commonwealth agencies to access and share information, thus reducing the impact on the charity sector. In 2018-19 the ACNC worked on a new MOU with a large Commonwealth department. Finalisation and signing of the MOU is expected in 2019-20.

Existing information is used and shared across government

86. The ACNC has implemented streamlined reporting arrangements for charities, which involve sharing information with other government agencies. The ACNC currently shares information with a range of Commonwealth regulators (such as the ATO). We also share information with regulators in SA, Tasmania, the ACT, Victoria, NSW and the NT.
87. The ACNC shares data via numerous pathways. The most common method involves using the ACNC's Charity Passport. The Charity Passport allows authorised government agencies to electronically access a range of information on ACNC registered charities, including a charity's finances, activities and contact details. It is the core of the ACNC's 'report once, use often' reporting framework, which aims to reduce duplicated reporting across government. As at 30 June 2019 there were 72 active accounts across 20 government agencies (a decrease of one government agency but an increase in the number of active accounts).
88. The Charity Passport supports the Commonwealth Grants Rules and Guidelines (CGRGs), which require that:
 - Commonwealth officials must have regard to information collected and made available by regulators (such as the ACNC) and should not seek this information from grant applicants/recipients, and
 - if an organisation has provided a regulator with an audited financial statement, an audited financial acquittal should not be required, unless the grant is higher risk (under the CGRG Resource Management Guidance).
89. When government agencies request information, charities may direct them to the ACNC to obtain any information, governing documents or financial reports the charity has already provided to the ACNC. However, processes vary across government agencies, including the degree to which they use information from other regulators.
90. Increased use of the Charity Passport would reduce unnecessary regulatory burden on charities, and improve interactions between charities and government agencies.
91. In July 2018 we met with the Department of Industry, Innovation and Science and promoted the potential use of the Charity Passport in assessing Industry Grants. In 2018-19 the ACNC participated in the Department of Finance Grants Framework Working Group to streamline grant processes across the Commonwealth. We highlighted the benefits and advantages of the Charity Passport in this forum. In addition, across the course of the year we promoted the charity passport in meetings with state and territory regulators. The ACNC will continue to promote the use of the Charity Passport in 2019-20 and continue to report on usage.

92. Where compliance issues are identified, we work closely with other government agencies to share information (where permissible under the secrecy provisions of the ACNC Act) and determine who is best placed to act. This reduces the burden on charities, as they will not be required to provide the same information to multiple regulators. In 2018-19 we received 64 referrals from other government agencies and made 114 referrals to other government agencies where we considered that a matter fell within another agency's jurisdiction and that agency was best placed to deal with it.
93. The ACNC continues to be active in the Not-for-profit Risk Working Group it established in 2017. The group consists of representatives from the ACNC, AUSTRAC, AFP, ACIC and ATO, and has been set up to ensure a coordinated approach to addressing money laundering and terrorism financing risks identified in the National Risk Assessment of Australia's not-for-profit sector. The ACNC is also working with other government agencies to support a follow-up assessment to Australia's initial Financial Action Task Force evaluation.

Monitoring and inspection is tailored and risk-based

94. ACNC staff act in accordance with risk-based policies and procedures, consistent with the overarching ACNC [Regulatory Approach Statement](#) and our [Commissioner's Policy Statement: Compliance and enforcement](#). Compliance monitoring activities are only conducted in relation to matters that are assessed as presenting a significant risk to trust and confidence in the sector.
95. The ACNC recognises that capacity within the sector varies widely and compliance activities are tailored according to the size and resources of the charity. Compliance staff recognise the particular challenges smaller charities face in dealing with governance and administration, and compliance activities are appropriately tailored to address this. Some compliance outcomes (such as penalties) vary depending on the size of the charity, with large charities paying higher penalties than medium and small charities.
96. The ACNC considers the size and reporting history of a charity when communicating with the charity about a compliance concern and seeks to provide a proportionate regulatory response based on the significance of the concern and the charity's characteristics. For example, the [Self-Evaluation](#) tool is designed to assist smaller charities to address minor issues (see paragraph 44).
97. In 2018-2019, the ACNC established a dedicated outreach function within its Compliance directorate to support early engagement with charities at a higher risk of non-compliance to build their capability to stay on track and protect against misuse of charity resources.
98. The following targeted strategies have been implemented under the outreach function to support charities to improve their governance and meet their obligations:
- targeted mailouts providing education and guidance to address specific risk areas – this includes those charities we identify at higher risk of misuse from terrorism financing based on risk factors set out in a 2017 national risk assessment done in partnership with AUSTRAC and the ATO
 - tailored training packages based on lessons learned through our investigations
 - review of charity education and guidance resources relevant to our investigations work.

Overall assessment: **Very Good**

Areas for improvement:

- Reviewing [Operational Procedure 2014/03: creating, updating and reviewing forms](#) to ensure it remains current and accurate.
- Continuing to promote and expand use of the Charity Passport.
- Ensuring that improvements to the ACNC website and Charity Portal result in reduced compliance costs associated with annual reporting.

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

99. The ACNC’s overarching risk assessment framework is articulated within the [Regulatory Approach Statement](#) and the [Commissioner’s Policy Statement: Compliance and enforcement](#). As mentioned in paragraph 67 the ACNC updated the Regulatory Approach Statement in 2018, with the new version published on the ACNC website in December. The process of updating the Regulatory Approach Statement included consultation with professional and sector representatives. The Compliance and Enforcement policy was available on the ACNC website throughout 2018-19.

100. The annual [ACNC Charity Compliance Report](#) (see paragraph 21) sets out the ACNC’s compliance priorities for the coming year. This lets the sector and the community know what risks the ACNC intends to dedicate its compliance resources to.

Transparency and responsiveness

101. The ACNC seeks to provide extensive information in various formats about the operation of the regulatory framework. Information was provided in 2018-19 through briefing sessions, webinars, how-to videos, podcasts, guidance publications and reports (such as the [Charity Compliance Report 2018](#)). We also publish our policies and Operational Procedures on our website.

102. Where errors occur, the ACNC remains committed to informing charities and the public of this, ensuring transparency. In the 2017-18 self-assessment, the ACNC identified an error where a dataset was incorrectly uploaded to data.gov.au. The self-assessment explained the actions the ACNC took to rectify the error. Part of this was an undertaking to review the [Operational Procedure: Bulk ACNC Data-sharing disclosures](#). This procedure was updated in 2018-19 and can be accessed via the ACNC website.

103. No errors involving datasets occurred in 2018-19. However, in May 2019 a Compliance Officer discovered that a charity had uploaded a document containing personal information about three individuals to the ACNC Register in error. The document was withheld from the Register as soon as this was identified, and the ACNC Privacy Officer was notified.

104. The Privacy Officer assessed the matter and determined that it did not involve a notifiable data breach under the Privacy Act.

105. The Privacy Officer nevertheless considered that it was appropriate to notify two of the individuals that their personal information had been published. This course of action was approved by the ACNC’s Director of Legal and Policy and the ACNC’s Privacy Champion. ACNC staff members wrote to the two individuals accordingly to notify them.

106. In 2019-20 the ACNC will review guidance provided to charities to ensure it is clear that personal information should not be included in governing documents or other information the ACNC will make public.

107. The ACNC makes information available to members of the public outside of the formal FOI process where appropriate, as well as offering a formal FOI process. We aim to respond to general information requests (those not made under the *Freedom of Information Act 1982* (Cth) (FOI Act) or *Privacy Act 1988* (Cth)) within 30 calendar days. In 2018-19, the ACNC responded to 100 % of general information requests within 30 calendar days.

108. All (100%) FOI Act requests were actioned within 30 days (or 60 days where we required third party consultation). There were no concerns related to the Privacy Act in 2018-19.

109. In 2018-19, we received 16 requests for documents under the FOI Act compared to 27 requests in 2017-18. 20 requests were finalised by 30 June 2019, including 5 requests which had been made in 2017-18.

Timeliness in publishing performance results

110. Consistent with other Commonwealth regulators, the ACNC published the 2017-18 RPF report separately from our Annual Report. Our 2017-18 Annual Report was tabled on 26 October 2018 and is publicly available at annualreport.acnc.gov.au. The [2017-18 RPF report](#) was published on our website in February 2019.

111. Although the 2018-19 RPF report was finalised in August 2019, this report will be published separately from our Annual Report. We expect our Annual Report to be tabled in October 2019 – similar to previous years; we expect this RPF report to be published on our website in December 2019 or January 2020.

Overall assessment: **Excellent**

Areas for improvement:

- None identified

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

112. Since inception, the ACNC has worked cooperatively and collaboratively with stakeholders. In 2018-19, this engagement has improved the ACNC's regulatory approach, policies and guidance products, including the [Regulatory Approach Statement](#).

113. The ACNC has published a stakeholder engagement framework, which outlines our approach to consultation and the mechanisms we may use. It is publicly available on our website at acnc.gov.au/about/corporate-information/stakeholder-engagement-framework and contains a strong focus on reducing unnecessary regulation. The stakeholder engagement framework was last reviewed in 2015, four years ago. The ACNC will review the stakeholder engagement framework in 2019-20 to ensure it remains current, relevant and fit-for-purpose.

114. With a large number of Aboriginal and Torres Strait Islander (ATSI) charities and charities working with Aboriginal and Torres Strait Islander beneficiaries, it is important to the ACNC to engage appropriately with these communities. The ACNC has a current Aboriginal and Torres Strait Islander Communities Engagement Strategy which is publicly available at <https://www.acnc.gov.au/about/corporate-information/atsi-communities-engagement-strategy>. The ACNC also has Aboriginal Liaison Officers, who are available to assist ATSI organisations with their applications for registration as a charity. The ACNC also participated in a Native Title Workshop in 2018-19, involving aboriginal charitable trusts, trustees and government agencies.

115. The ACNC is aware that it is very difficult for small charities, often entirely run by volunteers, to engage with the ACNC. However, the ACNC is also aware that regulatory burdens fall most heavily on this cohort of charities and it is therefore important to gather their views and input. In 2019-20 the ACNC will be investigating and trialling mechanisms to engage with members of this cohort.

116. The ACNC chairs the international regulators forum, which shares risk management strategies and discusses best practice regulatory approaches with charity regulators in common law countries. This includes charity regulators from the United States of America, Canada, England and Wales, Scotland, Singapore, New Zealand and Ireland.

117. A particular focus for 2018-19 has been the cooperation of international regulators to promote and deliver the Charity Fraud Awareness Week which occurred in October 2018. Planning is underway to support the follow-up Charity Fraud Awareness Week occurring in October 2019.

118. In addition, the ACNC is exploring options for collaborating with not-for-profit regulators in the Asia-Pacific region.

119. We also chair a compliance forum with state and territory regulators to discuss emerging compliance themes and issues and consider coordinated responses to address them. These forums remain important in ensuring that we learn from each other and have helped us to identify individuals of concern and scams that have crossed jurisdictions.

120. The ACNC chairs the Non-Government Schools Streamlined Reporting Working Group where the Department of Education, the ACNC and non-government school stakeholders collaborate to reduce unnecessary regulatory burdens.

Stakeholders are engaged in developing options to reduce compliance costs

121. The ACNC continues to engage stakeholders to improve the regulatory framework for charities to reduce compliance costs. This includes:

- the implementation of streamlined reporting requirements (refer to paragraphs 25 to 27),
- engaging with other government stakeholders on compliance matters (refer to paragraph 92)
- seeking feedback through various mechanisms (refer to paragraphs 17-19 and 34-35).

122. In November 2018, amending regulations to insert a new Division 50 – External Conduct Standards into the Australian Charities and Not-for-profit Commission Regulation 2013 (Cth) were tabled in Parliament. The ACNC has engaged extensively with representatives of the charity sector to ensure that the ACNC provides useful guidance on complying with the External Conduct Standards.

123. The ACNC also conducted targeted consultation with charities in the development of the [self-evaluation tool](#) to ensure that it would be fit for purpose and reduce compliance costs through providing options for charities to self-regulate.

Stakeholder feedback is shared with policy departments

124. The ACNC's Stakeholder Engagement Framework outlines how the ACNC will engage with stakeholders, recognising that 'consulting with stakeholders and genuinely listening to what they have to say is essential to developing high-quality policy'.

125. The ACNC continues to meet regularly with a range of government agencies to share stakeholder feedback. These agencies include Treasury, the ATO, the Australian Accounting Standards Board, the Australian Auditing and Assurance Standards Board, the Department of Finance (Cth), the Department of Education (Cth) and the Department of Social Services (Cth). The ACNC worked closely with Treasury during the development of the External Conduct Standards.

126. The ACNC regularly meets with state and territory regulators. As part of the streamlined reporting arrangements with Tasmania, SA, the ACT and Victoria, the ACNC met with representatives from these jurisdictions to discuss any issues and share stakeholder feedback.

127. The ACNC also uses the compliance forum with state and territory regulators (refer to paragraph 119) to share feedback from stakeholders.

Overall assessment: Very Good

Areas for improvement:

- Reviewing and as necessary updating the Stakeholder Engagement Framework to ensure it is current and fit-for-purpose.
- Continuing to work with federal, state and territory regulators to eliminate duplicated reporting.
- Improving consultation mechanisms for small charities.

Appendix A: Analysis of our metrics

Regulator Performance Framework – ACNC Metrics – 2018-19 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: 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 (Note - 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 (refer to the table below). An analysis of the result, including further detail about performance, is also provided.

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.

For each *source* of evidence, the particular outputs for the 2018-19 year have been provided; however, these outputs do not in themselves establish performance against the evidence.

KPI 1 – Regulators do not unnecessarily impede the efficient operation of regulated entities					
Measures	Evidence	Source	Result	Analysis	
A 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.	1.1 Targeted consultation with the charity sector held at least once every quarter	3 Sector User Group meetings 3 Professional User Group meetings 56 speaking engagements 104 stakeholder meetings		Targeted consultation <i>User Groups</i> We engage with charity sector representatives through two user groups, the Professional User Group (PUG) and the Sector User Group (SUG). The PUG comprises professional advisers (mainly accountants and lawyers) who comment on matters of procedure, new guidance and publications. The 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 2018-19, we hosted three PUG meetings and three SUG meetings. <i>Other targeted consultation</i> Our Executive team completed over 50 speaking engagements in 2018-19, at events including conferences, roundtables and Annual General Meetings. We also participated in 104 stakeholder meetings with charities, sector representatives and peak bodies on a variety of topics important to the charity sector. Our senior management team represented the ACNC at a number of events, including the International Safeguarding Summit, Auditing and Assurance conferences, Our Community Conference and ACFID events.	
	1.2 Information reported by charities to the ACNC is analysed and published annually	Reports based on an analysis of information reported to the ACNC 2017 Australian Charities Report 2018 Charity Compliance Report Publication of data		Reports based on an analysis of information reported to the ACNC In 2018-19, the ACNC continued annual analysis and publication of Annual Information Statement (AIS) data, releasing the 2017 Australian Charities Report in March 2019. The current and historical reports are made available to the public on our website . The ACNC also released the 2018 Charity Compliance Report . The Charity Compliance Report examines the ACNC's compliance and enforcement activities. The report uses aggregated data and de-identified information	

Measures	Evidence	Source	Result	Analysis
		ACNC datasets published on data.gov.au		<p>to give readers an insight into the compliance work of the ACNC and outlines the ACNC's compliance focus for the year ahead.</p> <p>Publication of data</p> <p>In addition to the annual charities report, the ACNC makes the data we collect about charities freely and easily available.</p> <p>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.</p> <p>We continued to share the data used to create the Australian Charities Report with the public on data.gov.au, enabling interested parties to undertake their own analysis based on specific criteria. The ACNC has now published nine different datasets on data.gov.au. The Charity Register dataset is the sixth most viewed on the site.</p> <p>Other information</p> <p>We regularly receive and respond to queries about charity data, and have been able to guide many people to use our data resources to bolster their research, media or policy papers.</p>
<p>B Regulators take actions to minimise the potential for unintended negative impacts of regulatory activities on regulated entities or affected supplier industries and supply chains.</p>	<p>1.3 Administrative practices are reviewed to identify opportunities to streamline interactions and reduce compliance costs</p>	<p>Meetings of the Management Committee Meeting</p> <p>During the 2018-19 year, the Management Committee met seven times.</p> <p>Review of administrative practices</p> <p>The ACNC's Policy Documents are available on our website.</p> <p>In 2018-19 the ACNC updated the Regulatory Approach Statement and updated or developed seven Commissioner's Policy Statements. Two Operational Procedures were updated or developed.</p>		<p>Reporting and Red Tape Reduction Committee/Management Committee meeting</p> <p>A standing item related to red tape reduction is on the ACNC's Management Committee Meeting agenda.</p> <p>During the 2018-19 year, the Management Committee met seven times, ensuring that we minimised the potential for unintended negative impacts on charities as a result of our regulatory actions. Prior to February 2019 the meetings were held monthly. From February, the meetings became quarterly.</p> <p>Review of administrative practices</p> <p>The ACNC's policy statements and Operational Procedures are available at acnc.gov.au/about/corporate-information/corporate-policies. Our regulatory approach is available at acnc.gov.au/raise-concern/regulating-charities/regulatory-approach-statement. The Regulatory Approach was reviewed and updated in 2018-19.</p> <p>The following Commissioner's Policy Statements were updated in 2018-19 to reflect current practice, and to provide greater clarity:</p> <ul style="list-style-type: none"> • Registration • Applying to keep charity size • Accepting other government reports • Substituted accounting periods • Recognising third party standards • Financial reporting scaffolding <p>The ACNC also developed a Commissioner's Policy Statement on the number of responsible persons in a registered charity which will be released in 2019-20.</p> <p>The following Operational Procedures were updated or developed in 2018-19:</p> <ul style="list-style-type: none"> • 2018/01 Bulk ACNC Data-sharing disclosures • 2019/01 ACNC Information Publication Scheme
<p>C Regulators implement continuous improvement strategies to reduce the costs of compliance for those they regulate.</p>	<p>1.4 Documented processes for collecting and acting on feedback from charities</p>	<p>Corporate policy - Complaints and compliments about the ACNC</p> <p>Operational Procedure – ACNC Complaints Procedure</p>		<p>The ACNC has a published policy and procedure on how we deal with compliments and complaints about the ACNC.</p> <p>Advice Services staff analyse customer enquiries to identify trends/areas for improvement in service delivery, development of educational materials and strategies, and process and system improvements.</p>

Measures	Evidence	Source	Result	Analysis	
		Stakeholder engagement strategy All of these were available on our website throughout 2018-19.		In 2018-19, we received 1,019 complaints about the ACNC, a small decrease on the 1,202 complaints received in 2017-18. The majority of complaints related to IT issues due to an upgrade to our website and Charity Portal. The ACNC anticipates that complaints will decrease in 2019-20 as charities become accustomed to the new systems and all teething issues are resolved. The ACNC expects that the analysis of complaints next year will also see the number of complaints about IT systems decrease. We received 212 compliments (in 2017-18 we received 244). The main theme for compliments was positive customer service experiences.	
	1.5	The online Annual Information Statement reporting includes opportunity for charities to provide feedback	Online survey available throughout 2018-19	 The ACNC has an online survey which allows charities and authorised persons to provide feedback on the 2018 AIS. As at 30 June 2018, there were over 1,750 responses, a significant increase to the 2017 AIS survey, which received 900 responses. Due to the extension to the due date for 2018, at the time of writing, the results were still being collated. The results will be used to improve the 2019 Annual Information Statement.	
	1.6	The registration process includes opportunities for charities to provide feedback	Online survey available throughout 2018-19	 All registration applicants are sent an online customer experience survey, which seeks information about the organisation's experience with the registration process, including the level of helpfulness, courtesy and knowledge of the processing analyst, the overall quality of the registration process; and timeliness. 96 % of charities expressed overall satisfaction with the quality of our service.	
KPI 2 – Communication with regulated entities is clear, targeted and effective					
A	Regulators provide guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience.	2.1	Regulatory obligations of charities are explained through plain language guidance and education	<p>Guidance</p> <p>1 new guide published and 2 guides updated in 2018-19</p> <p>Small Charities Library released</p> <p>Online and face-to-face education sessions in 2017-18</p> <p>11 webinars</p> <p>1 podcast</p> <p>1 'how-to' video</p> <p>104 stakeholder meetings</p>	<p>ACNC staff provide advice directly to charities, in writing and over the phone.</p> <p>Guidance</p> <p>In 2018-19, we added one new guide, Gifts and honorariums - designed to provide advice for charities considering providing gifts or honorariums to individuals – including current or outgoing Responsible Persons, members, staff or volunteers.</p> <p>We also updated the fraud guidance, Protect your charity from fraud, and My Charity and the ACNC: A guide to your charity's responsibilities to the ACNC and released the Small Charities Library – a dedicated series of 23 factsheets designed specifically for small and extra-small charities.</p> <p>Online and face-to-face education sessions</p> <p>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. In 2018-19 the ACNC hosted 11 webinars on a range of topics, including fundraising, running a charity, avoiding charity pitfalls and our joint presentation with the Australian Taxation Office on charity tax concessions. We also welcomed a guest presenter, Linda Garnett, to discuss charities and corporate partnerships.</p> <p>The ACNC's podcast, Charity Chat, was in hiatus until June 2019, relaunching with an episode co-hosted by the ATO on the topic of charity tax concessions. The podcast will continue with new episodes in 2019-20.</p> <p>The ACNC's Director of Reporting and Red Tape Reduction, Melville Yates, was a regular guest on CPA Australia's podcast, recording three episodes with them over the year.</p> <p>Short videos are a great way to show people how to manage required tasks such as using the Charity Portal. To coincide with the new website and Charity Portal, we published 1 'how-to' video on how to access the new Portal.</p> <p>We continued to use charities' reporting behaviour to tailor email communications, with a goal of improving on-time reporting submissions.</p>

Measures	Evidence	Source	Result	Analysis
	2.2	Compliance with the Australian Government accessibility guidelines	Accessibility of acnc.gov.au	 The ACNC's website was relaunched in September 2018. We are still working towards full compliance with the Web Content Accessibility Guidelines Version 2 (WCAG2.0) – however, the new website has allowed for significant improvements. For example, many of our policies and procedures are now available as HTML content for the first time, in adherence to WCAG2.0. Work is continuing to improve the accessibility and readability of the website.
	2.3	Drafts of Commissioner's Interpretation Statements are provided for public comment	Health Promotion Charity	 The Commissioner's Interpretation Statement 2015/01: Health Promotion Charities received minor amendments in 2018-19. The updated version was released to the PUG for comment. The final amended version will be released in 2019-20.
B	2.4	See 1.1, 1.2, 1.4, 6.1, 6.2 and 6.3		 <i>For further information, refer to 1.1, 1.2, 1.4, 6.1, 6.2 and 6.3.</i>
C	2.5	Applications for charity registration are determined within 15 business days of receiving all information	In 2018-19, 96.6 % of registration applications were determined within 15 business days of receiving all information. This exceeded our service standard of 90 %.	 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 90 % of applications within 15 business days of receiving all necessary information. In 2017-18 our service standard was to finalise 95 % of applications within 15 business days of receiving all necessary information. It was agreed to reduce the service standard as an acknowledgement of the reduction in the level of staffing in the Registration directorate. In 2018-19, we exceeded the new service standard by 6.6 %, finalising 96.6 % of applications within 15 business days of receiving all necessary information. While this is less than the 98% achieved in 2017-18 it is extremely impressive given the reduction in staffing and a testament to Registration staff. The ACNC received 3,350 new applications for charity registration during 2018-19. Additionally, 690 re-registration applications were received from double-defaulter charities whose charity status was revoked due to failure to lodge two Annual Information Statements. Of the applications received, together with 427 that were on hand from the previous year: <ul style="list-style-type: none"> • 2,625 were registered or re-registered • 16 were refused as they did not meet registration requirements • 214 were refused on the basis of insufficient information to make a decision • 1,338 were withdrawn or had the incomplete application closed by the ACNC after a set period • 274 were still in-progress at the end of 2017-18.
	2.6	Refused applications for registration or remission of penalties are accompanied by a statement of reasons for decision	In 2018-19, all refused applications were provided a statement of reasons for decision. No penalties were issued to charities in 2018-19.	 Registration refusal: statement of reasons In 2018-19, 230 registration applications were refused. In all cases, reasons for our decision were communicated to the applicant to enable them to understand our position. The most common reason for refusal, accounting for over 90% 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. The remaining refusals occurred because the organisation applying for registration did not meet the requirements. These are organisations that:

Measures	Evidence	Source	Result	Analysis
				<ul style="list-style-type: none"> • have non-charitable purposes (for example, sporting or recreational purposes) • provide private benefit • do not meet the governance standards • do not have an Australian Business Number • are not an entity that is capable of being registered, or • do not meet the not-for-profit requirements. <p>Refused remission of penalties: statement of reasons</p> <p>During the 2018-19 period the ACNC has not issued any penalties to charities. Due to changes in the ACNC IT infrastructure, the ACNC Commissioner extended the period for submission of the 2018 AISs to 7 April 2019. On that basis, the program of work for late submissions of AISs has also been delayed and relevant penalties will be issued in late 2019.</p> <p>Objections to revocation of charity status due to compliance investigations</p> <p>In 2018-19, two organisations objected to the decision to revoke their charity registration as a result of compliance investigations – one decision was upheld, and the other is still being assessed. These charities were provided with a ‘reasons for decision’ document which outlined the ACNC’s position.</p>
	2.7	All objections are determined by an independent case officer and if disallowed are accompanied by reasons for decision	All internal reviews were determined by an independent case officer and, if disallowed, reasons for decision were provided to the applicant.	 <p>Under the ACNC Act, a charity or its responsible persons may object to certain ACNC decisions, requesting they be internally reviewed.</p> <p>In 2018-19, we received nine objections related to our refusal to register an organisation as a charity or a particular subtype of charity. We also received two 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>
D	Regulators’ advice is consistent and supports predictable outcomes.	2.8	Staff make decisions according to published policies and procedures	<p>Policies and procedures, which were available on our website throughout 2018-19</p>  <p>ACNC staff make decisions according to published policies and operational procedures, consistent with the ACNC’s overarching Regulatory Approach Statement and our Policy Framework. These policies and procedures are available publicly on our website at acnc.gov.au/about/corporate-information/corporate-policies.</p> <p>These include the Commissioner’s Policy Statement 2012/03: Decision-making, 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. The ACNC undertakes quality assurance processes in relation to our decisions. To ensure consistency, ACNC administrative decision makers consult with the ACNC’s Legal Counsel as required.</p> <p>In 2018-19, several staff attending external “Decision making and reason writing” and “Advanced Government Decision making” workshops. Additionally, a combination of external and internal experts provided training to Registration and Legal and Policy on “Charitable Purpose and Public Benefit”.</p>
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	Regulatory approach is risk-based and proportionate	 <p>Consistent with the ACNC’s Regulatory Approach Statement and the Commissioner’s Policy Statement: Compliance and enforcement, the ACNC uses a risk-based approach to allocate its compliance resources when addressing concerns about charities. The ACNC targets its compliance resources at the most serious risks – those most likely to undermine trust and confidence in the sector, and where intervention will have the greatest impact.</p> <p>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 2017-18, our compliance area improved its triage and risk assessment processes to ensure that only the most serious cases progress to investigation. To assist charities in assessing their compliance with ACNC</p>

Measures	Evidence	Source	Result	Analysis
			December 2018 and available on our website throughout the year	<p>requirements, we produced and published the Self-evaluation for charities, an interactive tool to help charities determine if they are meeting their ACNC obligations, and to identify issues that may prevent them from doing so.</p> <p>The Charity Compliance Report 2018 included a case study on Guide Dogs Australia, to show the kind of issues that even a large well-established charity can face. It also provided the compliance focus for 2019, including proactive investigations into charities considered at risk of private benefit and the outreach program on charities working with children and vulnerable adults.</p> <p>In total, the ACNC received 2,323 concerns about charities in 2018-19, which represents a 24% increase over the previous year.</p> <p>The minority (34%) of the concerns received by the ACNC were out of our jurisdiction. The remaining 66% progressed to assessment.</p> <p>From March 2019, the Compliance team implemented a new process and all in-jurisdiction concerns were initially considered by the Compliance team. Concerns out of jurisdiction are referred to the Advice Services Team.</p> <p>In 2017-18, a total of 716 concerns raised were in jurisdiction. In 2018-19, a total of 1,544 concerns were raised in jurisdiction, nearly double the previous year. The total of 1,544 concerns includes several hundred concerns received from the public relating to a small number of charities and in part accounts for the significant increase in concerns received.</p> <p>Prior to commencing an investigation, the ACNC conducts a detailed risk assessment, which includes the review of information we currently have, and draws on information from various other sources including other government agencies, open source material, and analysis of our own data holdings. The risk assessment helps us understand the significance, likelihood and consequence of the risk, which in turn assists in deciding the most appropriate response. In 2018-19 the Compliance team completed 107 risk assessments; 33% of cases proceeded to investigation while 67% resulted in the provision of regulatory guidance or no action further action required.</p> <p>In 2018-19 the ACNC managed 325 concerns associated with 277 charities. Where a charity's non-compliance is significant but the ACNC determines that the charity's responsible persons are willing and able to correct matters, the ACNC's response may involve a compliance agreement or enforceable undertaking. These are effectively action plans for the charity, and the ACNC monitors the charity's progress to ensure all measures have been implemented. In 2018-19 the ACNC entered into 28 compliance agreements, enforceable undertakings and directions.</p> <p><i>For further information, refer to 3.2, 3.4 and 4.1.</i></p>
	3.2	Risk-based Compliance and enforcement policy is published	Commissioner's Policy Statement – Compliance and Enforcement, which was available on our website throughout 2018-19	 <p>Our Commissioner's Policy Statement: Compliance and enforcement and associated procedures are available on our website. This policy reflects the ACNC's current practice.</p>
B	3.3	Regulatory approach is reviewed every three years	The ACNC's Regulatory Approach Statement	 <p>The ACNC's Regulatory Approach Statement (which guides our approach to charity regulation) was reviewed, and the updated Statement was published on the ACNC website in December 2018. The review identified minor changes only, with the Statement remaining current, relevant and fit-for-purpose.</p>

Measures	Evidence	Source	Result	Analysis
	among other regulators, where possible.	4.6 Compliance officers share information with and make referrals to other regulators where appropriate	Referrals to other government agencies	 In 2018-19 we received 64 referrals from other government agencies and made 114 referrals to other government agencies where we considered the matter may have also fallen within their jurisdiction. The ACNC continues to be active in the Not-for-profit Risk Working Group it established in 2017. The group consists of representatives from the ACNC, AUSTRAC, AFP, ACIC and ATO, and has been set up to ensure a coordinated approach to addressing money laundering and terrorism financing risks identified in the National Risk Assessment of Australia's Not-for-profit sector. The ACNC is also working with other government agencies to support a follow-up assessment to Australia's initial Financial Action Task Force evaluation. We also chair a compliance forum with state and territory regulators to discuss emerging compliance themes and issues and consider coordinated responses to address them. These forums remain important in ensuring that we learn from each other and have helped us to identify individuals of concern and scams that have crossed jurisdictions. <i>For further information, refer to 4.1.</i>
C	Regulators base monitoring and inspection approaches on risk and, where possible, take into account the circumstance and operational needs of the regulated entity.	4.7 Compliance staff act in accordance with risk-based policies and procedures	Our Commissioner's Policy Statement – Compliance and Enforcement and associated procedures were updated in October, and published on our website in November 2017	 ACNC staff act in accordance with risk-based policies and procedures, consistent with the overarching ACNC Regulatory Approach Statement and the Commissioner's Policy Statement: Compliance and enforcement . 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. For example, 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. The ACNC considers the size and reporting history of charities when communicating and seeks to provide a proportionate regulatory response based on the significance of the concerns and a charity's characteristics, as with the Self-Evaluation tool, designed to assist smaller charities address minor issues. In 2018-2019, the ACNC established a dedicated outreach function within its Compliance directorate to support early engagement with charities at a higher risk of non-compliance to build their capability to stay on track and protect against misuse of charity resources. <i>For further information, refer to 3.1 and 3.2.</i>
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	The ACNC's Regulatory Approach Statement, which was updated in December 2018 and available on our website throughout the year	 The ACNC's Regulatory Approach Statement is available at acnc.gov.au/raise-concern/regulating-charities/regulatory-approach-statement . The statement was reviewed and updated in 2018-19 and the updated version was published on our website in December 2018. <i>For further information, refer to 3.3.</i>
		5.2 Risk assessment framework is published online	Our Commissioner's Policy Statement – Compliance and Enforcement and associated procedures which are available on our website throughout the year.	 The ACNC's overarching risk assessment framework is articulated within the ACNC's Regulatory Approach Statement and the Commissioner's Policy Statement – Compliance and Enforcement . <i>For further information, refer to 3.2 and 3.3.</i>
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)	Responses to general information requests within 30 calendar days: 100 %	 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 (Cth)</i> (FOI Act) or <i>Privacy Act 1988 (Cth)</i>) within 30 calendar days. In 2018-19, the ACNC responded to 100 % of general information requests within 30 calendar days.
		5.4 Response to Freedom of Information Act Requests handled within 30 days (plus statutory extensions) or 60 days	Responses to FOI Act within 30 days: 100 % Responses to FOI Act within 60 days where third party consultation is required: 100 %	 In 2018-19, the ACNC received 16 requests for documents under the FOI Act. Within this period, 20 requests were finalised (including 5 requests which had been made in 2017-18. The following were the outcomes to the requests:

Measures	Evidence	Source	Result	Analysis	
		where third party consultation is required.		<ul style="list-style-type: none"> • Full access provided - 0 • Partial access provided - 6 • Refused access to documents - 8 • Withdrawn - 6 <p>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 maintains an IPS page on its website.</p>	
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	2017-18 RPF report was published on our website in February 2019	 <p>Consistent with other Commonwealth regulators, the ACNC published the 2017-18 RPF report separately from our Annual Report. Our 2017-18 Annual Report was tabled on 26 October 2018 and is publicly available at annualreport.acnc.gov.au. The 2017-18 RPF report was published on our website in February 2019.</p> <p>Although the 2018-19 RPF report was finalised in August 2019, this report will be published separately from our Annual Report. We expect our Annual Report to be tabled in October 2019 – similar to other years; we expect this RPF report to be published on our website in December 2019 or January 2020.</p>
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	3 meetings of the Professional User Group were held in 2018-19	 <p>In 2018-19, we convened three meetings of the Professional User Group (PUG). The PUG helped to improve the ACNC's regulatory approach and guidance products. They also reviewed the ACNC's 2017-18 RPF report.</p> <p><i>For further information, refer to 1.1.</i></p>
		6.2	At least three meetings of the Sector User Group are held annually	3 meetings of the Sector User Group were held in 2018-19	 <p>In 2018-19, we convened three meetings of the Sector User Group (SUG). The SUG helped to improve the ACNC's regulatory approach and guidance products. They also reviewed the ACNC's 2017-18 RPF report.</p> <p><i>For further information, refer to 1.1.</i></p>
		6.3	Stakeholder engagement framework outlines how the ACNC will engage with stakeholders to reduce regulatory burden and enhance knowledge of the regulated sector	The ACNC'S Stakeholder Engagement Framework was available on the ACNC's website throughout 2018-19	 <p>The ACNC'S stakeholder engagement framework outlines our approach to consultation and the mechanisms we may use. For example, this framework outlines our commitment to reduce the regulatory burden on charities by 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. This framework is available at acnc.gov.au/about/corporate-information/stakeholder-engagement-framework. The stakeholder engagement framework was last reviewed in 2015, four years ago. The ACNC will review the stakeholder engagement framework in 2019-20 to ensure it remains current, relevant and fit-for-purpose.</p> <p>The ACNC has also published an Aboriginal and Torres Strait Islander Communities Engagement Strategy, which can be found at acnc.gov.au/about/corporate-information/atsi-communities-engagement-strategy.</p> <p><i>For further information, refer to 4.6.</i></p>
B	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.	6.4	See 6.1, 6.2 and 6.3	 <p>The ACNC continues to engage stakeholders to improve the regulatory framework for charities to reduce compliance costs.</p> <p>The ACNC also engages with stakeholder departments in the development of options to reduce compliance costs, through making submissions on issues which will affect the regulation of the charity sector.</p> <p>ACNC submissions</p> <p>During 2018-19, the ACNC provided submissions to:</p> <ul style="list-style-type: none"> • the Senate Select Committee on Charity Fundraising in the 21st Century on fundraising regulation • the Treasury Consultation on Modernising Business Registers • the Treasury Consultation on Designing a Modern Australian Business Number System 	

Measures	Evidence	Source	Result	Analysis
				<ul style="list-style-type: none"> the Department of Foreign Affairs and Trade related to their preventing sexual exploitation, abuse and harassment consultation the Treasury Consultation on the ASIC Industry Funding Model and Registry Search Fees. the Joint Standing Committee on Electoral Matters on the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill the Australian Accounting Standards Board <p><i>For further information, refer to 4.4, 6.1, 6.2 6.3, 6.5.</i></p>
C	<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 Stakeholder engagement framework outlines how the ACNC will share feedback from stakeholders with policy departments</p>	<p>The ACNC's Stakeholder engagement framework was available on our website throughout 2017-18</p>	<p>The ACNC's Stakeholder Engagement Framework does not specifically outline how the ACNC will share stakeholder feedback with policy departments. However, the Stakeholder Engagement Framework outlines how the ACNC will engage with stakeholders, recognising 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.</p> <p>As mentioned in 6.3 above, the Stakeholder Engagement Framework will be updated in 2019-20 and this issue will be addressed during the review.</p> <p>The ACNC continues to meet regularly with a range of government agencies to share stakeholder feedback. These agencies include Treasury, the ATO, the Australian Accounting Standards Board, the Australian Auditing and Assurance Standards Board, the Department of Finance (Cth), the Department of Education (Cth) and the Department of Social Services (Cth). The ACNC worked closely with Treasury during the development of the External Conduct Standards.</p> <p>The ACNC regularly meets with state and territory regulators. As part of the streamlined reporting arrangements with Tasmania, South Australia, the ACT and Victoria, the ACNC met with representatives from these jurisdictions to discuss any issues and share stakeholder feedback. The ACNC also uses the compliance forum with state and territory regulators to share feedback from stakeholders.</p> <p><i>For further information, refer to 4.6.</i></p>
	<p>6.6 Report is published analysing the previous year's cases and forecasting risk areas for future year annually</p>	<p>Publication of the <i>Charity Compliance Report 2018</i></p>		<p>In April 2018, we released the Charity Compliance Report 2018. This report used aggregated data and de-identified information to give readers an insight into the compliance work of the ACNC and outlined the ACNC's compliance focus for the year ahead.</p> <p><i>For further information, refer to 3.1, 3.2, 3.4 and 4.1.</i></p>

Appendix B: Summary of feedback from consultation

Background

Under the Regulator Performance Framework (**RPF**), the ACNC is required to have our self-assessment 'validated' by the approved RPF stakeholder consultation mechanism. The ACNC's stakeholder consultation mechanism consists of the Sector User Group (**SUG**) and Professional User Group (**PUG**).

Methodology

The ACNC circulated our draft RPF report to members of the SUG and PUG on 26 July 2019, ahead of a joint SUG and PUG meeting on 2 August 2019.

Feedback was sought through an online survey which was circulated to all members of the SUG and PUG. The ACNC Policy Manager was available throughout the joint SUG and PUG meeting to discuss the ACNC's draft 2018-19 RPF report.

Our online survey allowed members of the SUG and PUG to:

- indicate their agreement with the ACNC's self-assessment against the key performance indicators (**KPIs**) and overall assessment
- provide feedback on each KPI and the ACNC's overall self-assessment.

Where a member of the SUG or PUG disagreed with our self-assessment, they were asked to confirm whether the rating should be higher or lower.

We closed the online survey on 9 August 2019.

This consultation approach was consistent with that used in 2017-18, when 25 responses were received.

Responses

Eleven (11) members of the SUG or PUG completed our online survey.

Of the 11 responses, eight were from members of the PUG and the other three from members of the SUG. This represents a return rate of 16% for PUG and 8% for SUG, and is lower than that achieved for the 2017-18 RPF. The ACNC will work with PUG and SUG in 2019-20 to address the low rate of return, with a view to ensuring that responses are representative of the regulated sector.

We acknowledge the feedback provided from those members of the SUG and PUG that did respond, and we thank them for taking the time to provide feedback to the ACNC.

Feedback

Summary

A large majority of the responses agreed with the ACNC’s self-assessment, with SUG respondents more likely to agree with each individual rating.

Feedback results are visually summarised in Figure A.

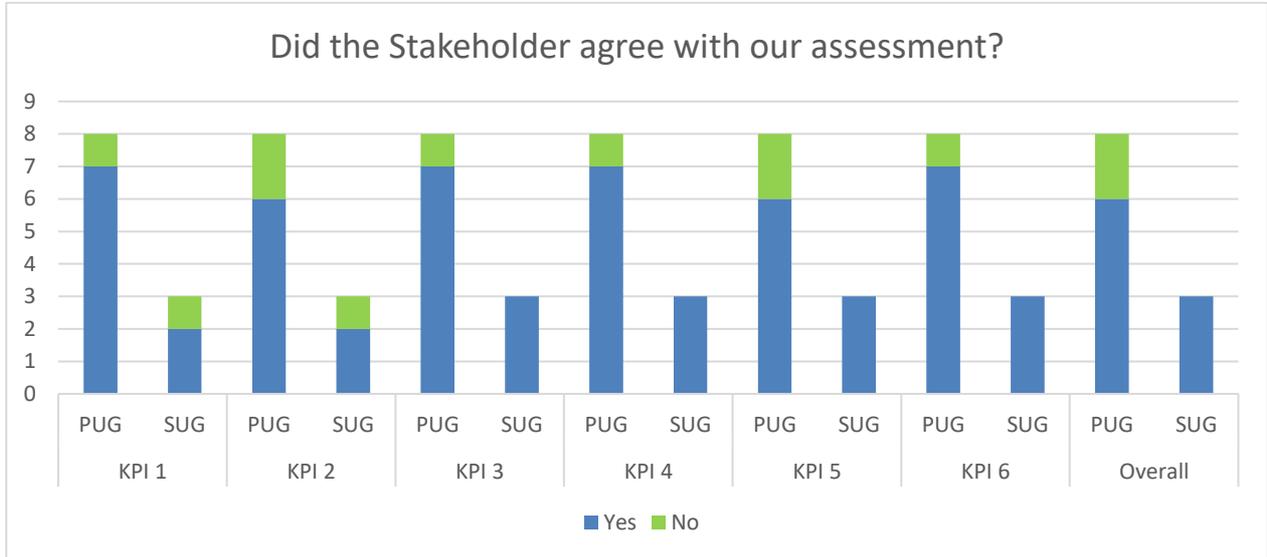


Figure A

Differences in ratings

Despite general consensus between ACNC and PUG and SUG on the suitability of the ratings, one member of PUG almost consistently disagreed with the ACNC’s rating, believing the rating should be lower for most KPIs and overall. KPI 1 and KPI 2 had the strongest disagreement, with representatives from both PUG and SUG disagreeing with the ACNC’s rating. However, for KPI 1, one member of PUG felt the assessment was too low, and one member of SUG felt it was too high. Table B below summarises the divergent views on the ratings, and the reasons offered for these.

Indicator	Relevant User Group	Should the rating be higher or lower?	Reasons (if provided)
KPI 1	1 member from the PUG	Higher	<ul style="list-style-type: none"> I would rate it Very Good etc.
	1 member from the SUG	Lower	<ul style="list-style-type: none"> The ACNC has lost number of senior people who had an outstanding understanding of the not for profit sector, Whilst there are still some outstanding people left the replacements do not have the same level of understanding. This has resulted in sector user Group meeting not being any where near as valuable. People from PUG have expressed the same concerns to me. The downgrading of the use of information from the AIS was a backward step.
KPI 2	2 members from the PUG	Lower	<ul style="list-style-type: none"> Whilst most of the ACNC commentary in this area appear to be fair, the area which has yet to 'hit target' is that of financial reporting. Rapid changes to accounting standards and requirements have yet to 'filter through' to many in the sector. I'd rate good rather than v good Guidance for ECS is vague and doesn't provide sufficient detail for charities to understand their obligations
	1 member from the SUG	Lower	<ul style="list-style-type: none"> One of the main regulatory changes introduced during 2018-19 was the External Conduct Standards. Although there was uncertainty as to when they were going to commence, the ACNC only published a first tranche of guidance a short time before the Standards came into effect. I think that the guidance should have been ready by April or May at the latest, if not earlier. Some more engagement with stakeholders, e.g a workshop as part of the developing the guidance would have also be useful. Given that this was the main regulatory change during this period, I think that the shortcomings in the process of preparing and making available guidance should result in the self-assessment dropping to 'Good'.
KPI 3	1 member from the PUG	Lower	<ul style="list-style-type: none"> Noticed increasingly wide (less targeted) questions in compliance information requests. Also ECS could provide statements of comfort to reflect risk for charities that only undertake minor activities overseas
KPI 4	1 member from the PUG	Lower	No comment provided.
KPI 5	2 members from the PUG	Lower	<ul style="list-style-type: none"> A strength of the ACNC in past years has been its engagement with the sector through the Professional Users Group and Sector Users Group. We strongly encourage the ACNC to continue these groups which enable meaningful engagement with the sector and to ensure that the open, direct dialogue with the ACNC within these forums continues.

KPI 6	1 member from the PUG	Lower	No comment provided.
Overall rating	2 members from the PUG	Lower	<ul style="list-style-type: none"> I would rate it as Good rather than very good primarily as a result of communication with the sector through the Professional User Group not having the depth of interactions as in the first 5 years of the development of the ACNC

Table B

Other Feedback

Members of the SUG and PUG were asked to provide comments on the ACNC's self-assessment against specific KPIs, in addition to the ACNC's overall self-assessment.

The ACNC notes that some of the feedback relates to the format and content of the PUG and SUG meetings. The ACNC is in the middle of a review of both meetings to ensure their ongoing effectiveness for both the ACNC and our stakeholders. All PUG and SUG members were consulted and their feedback is assisting to refine the two forums.

Another issue which emerged from both Table B and Table C related to the guidance issued for the External Conduct Standards. The External Conduct Standards came into effect in 2019-20 and the ACNC will monitor concerns the sector has with guidance as charities work to ensure compliance with the new regulations. Guidance will continue to be amended and created based on feedback from the sector.

Indicator	Relevant User Group	Feedback
KPI 1	PUG	<ul style="list-style-type: none"> Website access and availability during transition period was problematic but now improved. Given the acknowledged 'teething issues' this appears to be one aspect of performance which was, at least, initially, over sold and under delivered ACNC is outstanding in its willingness to find solutions for difficult situations facing charities without lessening good regulation We commend the progress made towards streamlined reporting and the IT upgrade, and the efforts of the Advice Service to meet the demands of charities' additional enquiries during the transition to the new Charity Portal. We welcomed the publication of the Australian Charities Report 2017, however we are of the view that the longer-form version (last published in 2016) was more useful in helping charities and the Australian community to understand the make-up and contribution of the charitable sector. We encourage the ACNC returning to the previous format.
	SUG	No comments provided
KPI 2	PUG	<ul style="list-style-type: none"> Our staff, and the charities that we assist, generally find the guidance and information that the ACNC provides to be very clear and helpful. However, in our view there is further guidance needed in relation to the External Conduct Standards to address areas which are not clearly addressed in the current guidance. In terms of specific communications and advice for regulated entities, there are opportunities for the ACNC to provide more targeted advice services that will ultimately save time and money for regulated entities. In particular, it can be challenging for charities that are planning to amend their constitutions or structure (for example, in the context of a merger) but are unable to receive any preliminary feedback or advice from the ACNC before

		implementing changes. It would greatly assist charities if this type of assistance could be provided.
	SUG	No comments provided
KPI 3	PUG	<ul style="list-style-type: none"> • Current regulatory approach seems appropriate • The ability of the ACNC to publicise certain matters would improve this. • It is hard to assess this without information about regulatory action taken
	SUG	<ul style="list-style-type: none"> • At a recent meeting of Health Promotion charities I heard a lot of complaints about the ACNC allowing individuals to set up a charity that was basically a charity to help family members. However I do not have any specifics or evidence.
KPI 4	PUG	<ul style="list-style-type: none"> • Work in this area is progressing well • We commend the ACNC on publishing another Charity Compliance Report in April 2019. These report are very helpful for charities to understand the ACNC's compliance and enforcement activities, and to assist the broader community to understand the role of the ACNC and the actions taken where concerns are raised by the public or identified by the ACNC. • As previously noted without information about monitoring processes this is hard to assess
	SUG	No comments provided
KPI 5	PUG	No comments provided
	SUG	No comments provided
KPI 6	PUG	<ul style="list-style-type: none"> • ACNC needs to take a more active role in developing standards for accounting and financial reporting for charities as the AASB model of a single framework covering all forms of entities with small exceptions is often not appropriate for charities • We welcomed the opportunity to provide input into the Regulatory Approach Statement during the ACNC's consultation on the draft amendments. We encourage the ACNC, where possible within its existing resources, to provide feedback to those who make such submissions as to how their input has been incorporated. We are unsure of the utility or level of necessity underlying the consultation and report around object 1(b) of the ACNC Act.
	SUG	No comments provided
Overall rating	PUG	No comments provided
	SUG	<ul style="list-style-type: none"> • Comments are in KPI 1 (relates to this feedback noted against a lower assessment for KPI 1: The ACNC has lost number of senior people who had an outstanding understanding of the not for profit sector, Whilst there are still some outstanding people left the replacements do not have the same level of understanding. This has resulted in sector user Group meeting not being any where near as valuable. People from PUG have expressed the same concerns to me. The downgrading of the use of information from the AIS was a backward step.)

Table C