



Australian
Charities and
Not-for-profits
Commission

Changes in reporting to the ACNC

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acnc.gov.au/webinars



Agenda

- What are the changes - scope and timing
- What will the changes mean for charities and their reporting?
- What will charities need to do, and what they should be doing now?
- Things to remember



What are the changes?



Information - key management personnel

- Changes from 1 July, 2022.
- Only affects large charities.
- Remember charity size threshold changes.

From the 2022 AIS, large charities will need to report total remuneration paid to key management personnel.



Information - related party transactions

- Changes from 1 July, 2023 in the 2023 AIS.
- Affects charities of all sizes.

From the 2023 AIS, all charities will need to report on their related party transactions.



Why the changes?

Key management personnel

To provide greater transparency to donors, beneficiaries and the public by requiring charities to be transparent about remuneration of key management personnel.



Why the changes?

Related party transactions

The change is intended to increase transparency of transactions that pose a higher risk to charitable assets being used for private benefit.



Key management personnel





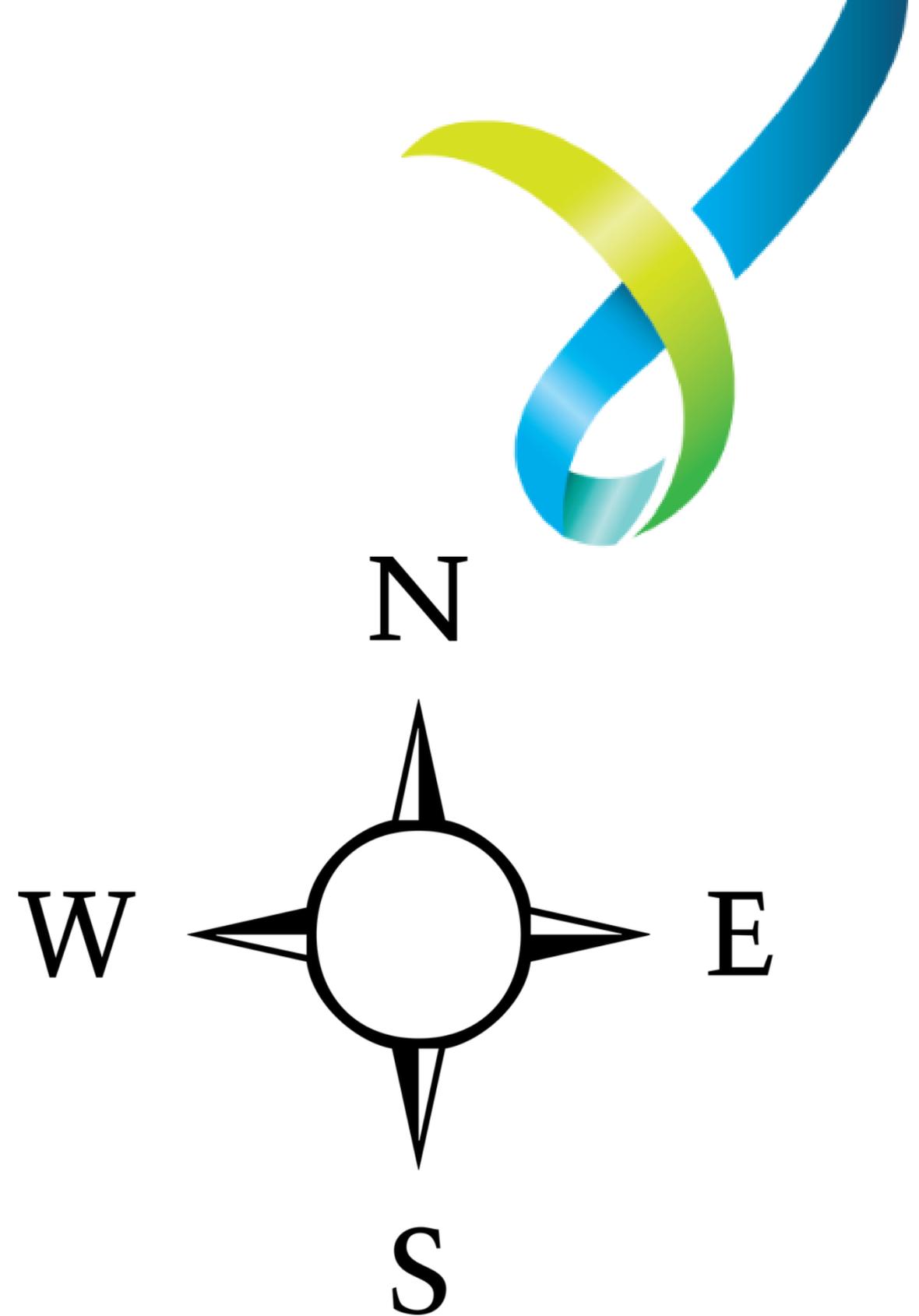
'Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly ...'

Key management personnel

Key management personnel are the **senior decision makers** in a charity.

It includes all Responsible People, as well as senior executives - for example:

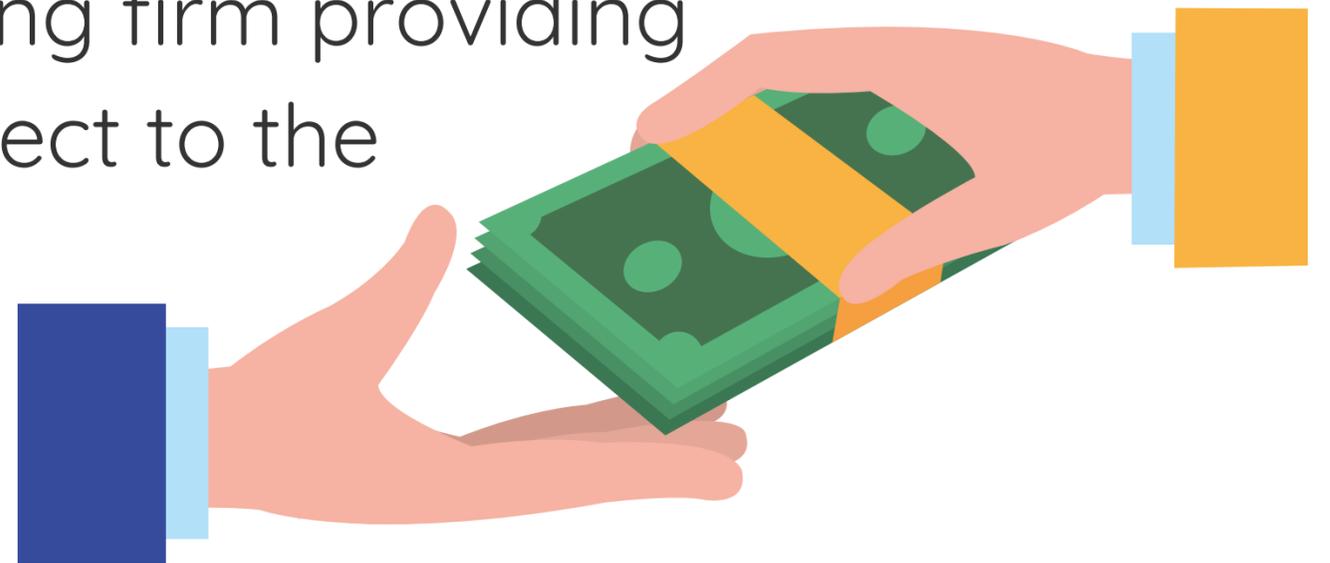
- CEO
- chief financial officer
- chief operating officer



Key management personnel

Key management personnel who are remunerated will be subject to the reporting requirements.

Separate management bodies that provide equivalent service to a charity (eg: an accounting firm providing a CFO to a charity) will also be subject to the requirements.



Key management personnel

Generally speaking, and unless exemptions apply:

All large charities will need to report the total amount paid to key management personnel each year where the charity has two or more individuals that meet that definition, or if it uses the services of a separate management entity.



A rolled-up piece of brown paper is shown against a brown background. A white speech bubble is cut out from the paper, containing the text "Are you ready?". The text "Are you" is in black, and "ready?" is in red. The paper is rolled up on the left side, and the speech bubble is on the right side.

Are you ready?

How can charities prepare?

Understand the changes in detail

- Board or committee level discussions.
- Ensure Responsible People know.
- Ensure senior executives know.

Totals will need to be disclosed in your charity's annual financial report.



How can charities prepare?

The 2022 Annual Information Statement will contain new questions, covering:

- Remunerated key management personnel numbers and details.
- Total amount paid to key management personnel.

Details will appear on the Charity Register through charities' Annual Information Statement submissions.



Compliance messages to charities

- Prepare and ensure you know the details.
- Refer to ACNC guidance: [acnc.gov.au/kmp](https://www.acnc.gov.au/kmp).
- Talk to your accountants, advisers or those who help prepare your charity's accounts and financial reports.
- Discuss the changes - schedule time on your meeting agenda.



A close-up photograph showing two hands in a business setting. The hand on the left, wearing a dark suit jacket, a light blue shirt cuff, and a black leather watch with a gold buckle, is holding a white rectangular card. The hand on the right is reaching towards the card, with the index finger pointing at it. The background is a soft, out-of-focus light blue and white gradient.

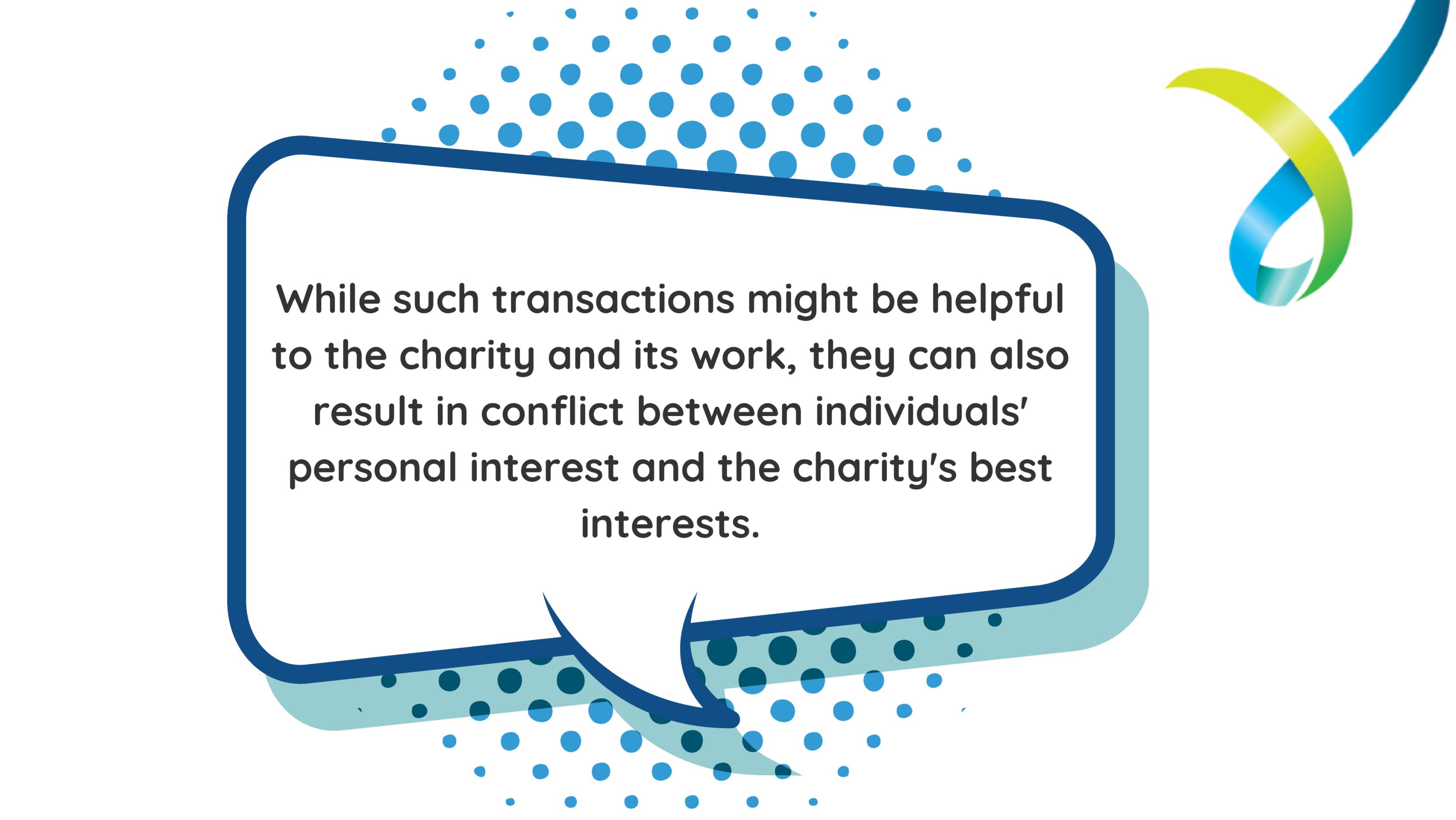
Related party transactions

Related party transactions

For a small charity, a **related party** is someone connected to a charity who has significant influence. For medium and large charities other factors such as control or joint control are also relevant.

A **related party transaction** is between the related party and the charity and involves a transfer of resources between a charity and anyone who has significant influence within the charity.



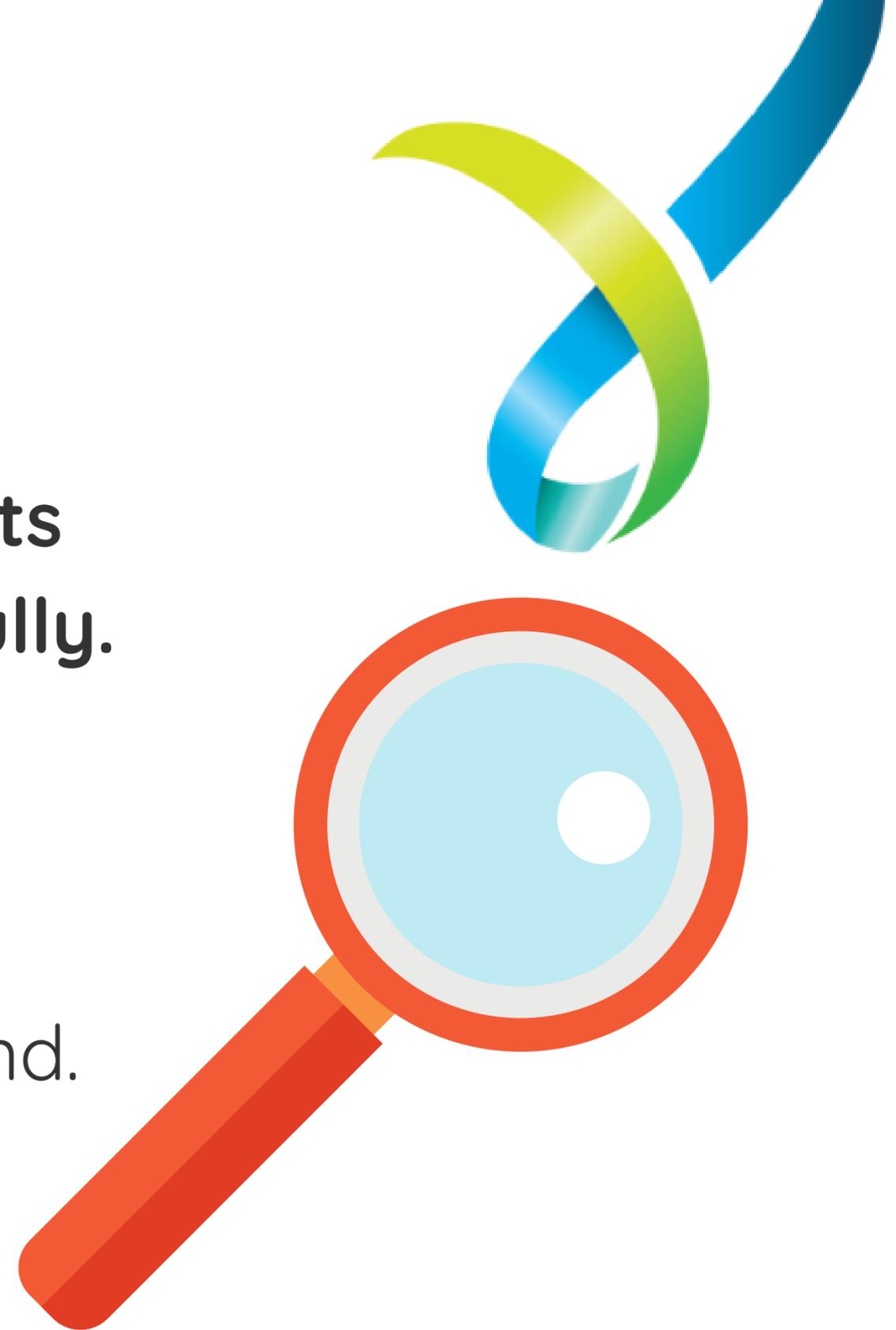
The background features a pattern of blue dots of varying sizes, some of which are larger and more prominent. A blue ribbon graphic is positioned in the upper right corner, looping and overlapping itself. The text is contained within a dark blue, rounded rectangular frame that has a light blue shadow effect.

While such transactions might be helpful to the charity and its work, they can also result in conflict between individuals' personal interest and the charity's best interests.

Related party transactions

Related party transactions and conflicts of interest need to be managed carefully.

- Transparency.
- Awareness and understanding of the issues.
- Charity interests must be front of mind.



Reporting related party transactions

- Managing conflict of interest guide:
acnc.gov.au/conflictsofinterest
- Related party transactions:
acnc.gov.au/relatedparty

Also:

- Conflict of interest template policy
- Webinar on the topic - March 2021



http://

A R E

Y O U

P R E P A R E D ?

How can charities prepare?

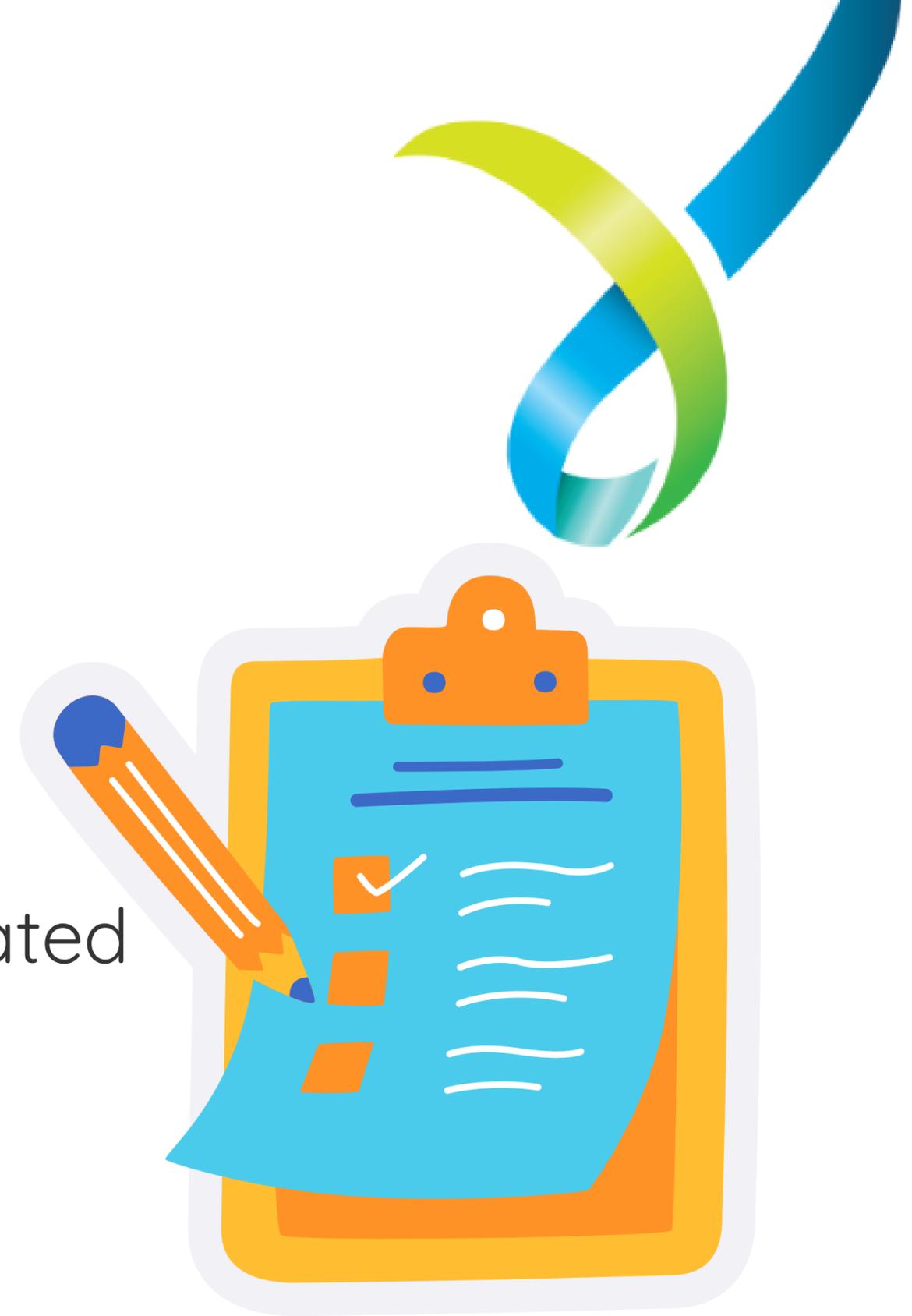
Right now it is **all** about planning and ensuring your charity is aware of these changes.

While the reporting part of these changes is 12 months away, they cover the previous year - which for many charities starts on 1 July 2022.



How can charities prepare?

- Add this to the agenda of your next board or committee meeting.
- Circulate information among senior staff.
- Consider your policy to manage related party transactions.
- Set up a register.
- Do you need more advice?



How can charities prepare?

Again, awareness among charity Responsible People and senior leadership is vital.

Different reporting requirements will apply to different sized charities - read the guidance on the ACNC website.



A close-up photograph of a yellow sticky note placed on a laptop keyboard. The note is tilted and has the word "Remember!" written in red cursive. The keyboard keys visible include G, H, V, B, N, M, and a right arrow key. The laptop is silver.

Remember!

Things to remember



This year, large charities will need to start reporting on KMP remuneration.



From the start of their next reporting period, all charities must be able to record related party transactions.



Things to remember



From 1 July 2023 - in the 2023 AIS - charities will start to have reporting obligations on related party transactions.



Read the guidance on the ACNC website for more information.



Things to remember



Contact advisers, accountants, auditors or other professionals who help you to ensure everyone is aware of the changes.

QUESTIONS



Stay in touch

- The Charitable Purpose e-monthly
- Web guidance - acnc.gov.au
- Webinars - acnc.gov.au/webinars
- Podcasts - acnc.gov.au/charitychat
- Contact us - acnc.gov.au/contactus

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 youtube.com/ACNCvideos

 linkedin.com/company/australian-charities-and-not-for-profits-commission



Thank you

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