

ACNC reporting obligations and charity finances

Transcript

Charities have a number of obligations to remain registered with the ACNC. These include informing the ACNC of certain changes, known as the duty to notify, reporting annually, and complying with the Governance Standards and External Conduct Standards, where each of these are applicable.

In this section, we focus on your charity's annual reporting obligations. Accurate and timely reporting helps charities demonstrate transparency and accountability, which is valued by members, donors, beneficiaries and other stakeholders. Your charity must also meet its annual reporting obligations to maintain registration with the ACNC.

These obligations include submitting an Annual Information Statement (AIS), and an annual financial report. The annual financial report is optional for small charities. The AIS and annual financial statement are made available to the public on the ACNC Charity Register, where they can demonstrate your charity's good management and provide transparency for members, donors, grant-makers, beneficiaries and the community.

The specifics of what a charity needs to report annually to the ACNC depends on its size and if it is a Basic Religious Charity (BRC).

Nearly all registered charities are required to submit financial information to the ACNC each year. To prepare the necessary data for ACNC reporting requirements, charity board members need to develop certain financial skills. All charities except ones that are registered with the Office of the Registrar of Indigenous Corporations, known as ORIC, must submit an Annual Information Statement. The Annual Information Statement requires charities to provide information about their finances.

In addition, medium and large charities must submit an annual financial report as part of their Annual Information Statement. Large charities must have their annual financial report audited. Medium charities can have their annual financial report either audited or reviewed. For small charities, submitting an annual financial report is optional, but it is encouraged. If a small charity's own governing document requires it to submit financial reports, it must do so. There is no audit or review requirement from the ACNC for small charities who submit an annual financial report.

Basic Religious Charities, known as BRCs, are exempt from the requirement to prepare and lodge financial reports and from providing financial information in their AIS. BRCs are a narrow category of charities that advance religion and meet six additional criteria.

BRCs which choose to submit financial reports to the ACNC must comply with the financial reporting requirements set out in the ACNC Act.

The requirement for charities to keep their financial records in order comes from two sources. The ACNC Act and the Governance Standards. The ACNC Act requires charities to keep adequate financial records that will enable the preparation of true and fair financial statements.

Governance Standard 2, which is accountability to members, suggests providing members with information about a charity's finances is one way to meet the standard. Governance Standard 5, the duties of Responsible People, includes a requirement that the financial affairs of the charity are managed responsibly.