

# ACNC GOVERNANCE STANDARDS



## Key points

- All charities, including small ones, must meet a set of Governance Standards to be registered, and remain registered, with the ACNC.
- The ACNC Governance Standards are a set of five core minimum standards that deal with how charities are run.
- Generally, the standards require charities to keep operating lawfully and with a charitable purpose, and be run in an accountable and responsible way.

## Purposes and not-for-profit nature

**Governance Standard 1** requires charities to:

- demonstrate they are not-for-profit with a charitable purpose (generally speaking, an aim or objective) and that they are working towards that charitable purpose.
- share with the public information about their charitable purpose.

Your small charity can meet this standard by:

- including charitable purposes and not-for-profit clauses in your governing documents - also known as an organisation's constitution or trust deed - and then uploading those documents to the ACNC's Charity Register.
- running your organisation as a charity by following its purpose and being a not-for-profit.

Small charities should use their website or social media to provide information about their aims and work.

## Accountability to members

**Governance Standard 2** requires charities to:

- take reasonable steps to be accountable to their members, and
- allow their members adequate opportunity to raise concerns about how the charity is run.



Common steps your small charity can take to meet this standard are to:

- organise and stage annual general meetings, which carry with them the opportunity for members to ask questions and vote on resolutions.
- provide information to members on your charity's activities and finances, and
- have clear processes for appointing Responsible Persons - board or committee members.

## Compliance with Australian laws

**Governance Standard 3** requires charities to not act in a way that, under Commonwealth, state or territory law, could be dealt with as either an indictable offence or a breach of the law that has a civil penalty of 60 penalty units or more.

In other words, this standard compels charities to comply with Australian laws. You can take some simple steps to reduce the risk of your charity breaching this standard:

- familiarise yourself with relevant regulations and laws
- have processes to protect your charity's finances and assets, and
- have processes to ensure your charity meets its legal obligations.

## Suitability of Responsible Persons

**Governance Standard 4** requires charities to take reasonable steps to ensure Responsible Persons are not disqualified from managing a corporation under the *Corporations Act 2001 (Cth)*.

It also directs charities to ensure the ACNC has not banned any of their Responsible Persons from taking up a role as a Responsible Person in the previous 12 months.

Your charity should understand how a person could become disqualified, and then double-check Registers of Disqualified Persons held by the ACNC and by the Australian Securities and Investments Commission (ASIC).

Small charities should also ask prospective Responsible Persons to confirm they are not disqualified. This may involve them signing a declaration.



## Duties of Responsible Persons

**Governance Standard 5** requires charities to take reasonable steps to ensure their Responsible Persons are 'fit and proper' and comply with several duties. These include:

- acting with reasonable care and diligence
- acting honestly and fairly in the best interests of the charity, and for its charitable purposes
- not misusing their position or information they gain as a Responsible Person
- disclosing conflicts of interest
- ensuring the financial affairs of the charity are managed responsibly, and
- not allowing the charity to operate while insolvent.

Generally, the duties mean that Responsible Persons should act with standards of integrity and common sense.

[More information](#)

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