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## GOVERNANCE

### Most NFPs use AI

Infexchange, an Australian NFP whose focus is technology for social justice, has reported that two-thirds of organisations it surveyed were using artificial intelligence.

Its 2025 *Digital Technology in the Not-for-Profit Sector Report* provides an annual snapshot of how the not-for-profit sector is using, benefiting from, or being hampered by technology.

The report reveals that 67 per cent of the 800-plus surveyed organisations were using generative AI in their work, mostly for content creation. It emphasises that data security, ethics, sovereignty, and privacy remain the top barriers to preventing greater AI use.

Only 14 per cent of organisations surveyed had an official AI policy or guidelines in place, although 50 per cent of the others said they intended to formulate a policy.

Other key findings included:

- AI tools are being adopted at twice the rate of last year, but only 14 per cent of NFPs have an internal AI policy or governance framework

- Forty-four per cent of NFPs rank 'data and reporting for evidence-based decision-making' as their highest need, up from 17 per cent in 2023
- Only 23 per cent of NFPs have a documented cyber-security plan – progress towards a cyber-safe sector appearing to be stagnating or regressing
- Lack of time, implementation, and maintenance costs are the main barriers preventing NFPs from upgrading their systems
- Overall, budget and funding remains the top challenge, 59 per cent rating it as their highest challenge, and
- Only 32 per cent consider their technology environment provides more than essential functions for staff and volunteers, and 12 per cent consider their environment at risk, potentially affecting services.

GAAPinar No. 6 on 30 April addresses **AI – ethical, governance, and audit risks**, with Carmen Ridley and Colin Parker

### Board members feel good about their organisations

The *Annual NFP Board Wellbeing Survey* conducted by the Institute of Community Directors Australia reveals how governance structures that help to determine workload, compliance, and culture affect board members' willingness to stay involved. It describes pathways for change.

The report positions 'wellbeing' as a governance and retention concern, reframing how board leadership roles are perceived. The inclusion of responses from board members makes findings grounded in qualitative data.

In the most recent survey, 89 per cent of respondents said they felt alignment with their organisation's mission. It contributed to their sense of wellbeing.

Key findings from more than 570 board members Australia-wide include:

- Wellbeing is widely valued yet inconsistently supported over and above compliance requirements
- Many boards are struggling but some boards report no stress

- Culture and leadership shape the wellbeing of board members
- Policy on wellbeing is skimpy, but many board members want to change that situation, and
- Responses to wellbeing challenges must be tailored to individual organisations.

The report serves as a baseline for measurement as well as providing practical actions organisations can take in the short term to increase their own sustainability and that of the community sector as a whole.

### Super to be paid with salary

Legislation to require employers to pay their employees' super at the same time as their salaries and wages has passed parliament.

From 1 July, employers will be required to deposit employees' super into accounts within seven business days of payday.

While most employers do the right thing, the Australian Taxation Office estimates that \$6.25 billion worth of super went unpaid in the recent financial year.

The new law will:

- Require employers to ensure super contributions are received by the employee's fund within seven business days of payday or they will be liable for the superannuation-guarantee charge
- Help the ATO enforce the law and more quickly identify employers not making contributions, and
- Redesign the superannuation-guarantee charge to be fit for purpose and make Payday Super work.

The ATO will monitor compliance for 12 months after the change. Its approach will differentiate between low and high-risk employers.

Employers that are making an effort to pay contributions in line with pay cycles can fall into a low-risk category.

### Government proposes big DIN changes

The Federal Government has released exposure draft legislation, *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025*. Accompanying are draft regulations and explanatory material that propose significant changes to the Director Identification Number regime.

The proposed reforms are intended to enhance the integrity of corporate data, address unlawful phoenix activity, strengthen regulatory oversight, and improve confidence in the accuracy of information held on the Companies Register.



## FINANCIAL-REPORTING INSIGHTS

### ASIC's 'enduring' financial-reporting focus areas

The Australian Securities & Investments Commission has published 'enduring' audit and financial-reporting areas for FY 2025-26.

The commission's focus remains unchanged for 31 December balance dates (see Appendix 1: *ASIC's 'enduring' focus areas for financial reporting*).

ASIC reviews full-year financial reports of selected listed and other public-interest entities. This includes a sample of financial reports from registrable superannuation entities and large proprietary companies (grandfathered companies) that were formerly exempt from lodging audited financial statements.

Some companies have failed to lodge reports since the exemption was removed. ASIC will follow up non-lodgements and might decide to take appropriate regulatory action.

The commission continues to focus on areas where significant judgement from report preparers is needed. These include revenue recognition, asset valuation, and estimation of provisions.

ASIC has updated information sheet 284 *Public companies to include a consolidated entity disclosure statement in their annual financial report*. The update reflects recent legislative amendments that clarify the tax-residency-disclosure requirements where entities are

resident in more than one jurisdiction as well as when an entity is an 'Australian resident' for the purposes of the consolidated-entity disclosure statement, including partnerships and trusts.

### High-quality reports and audits needed

Directors and superannuation trustees are primarily responsible for the quality of their financial reports under the *Corporations Act 2001* and applicable Australian accounting (and sustainability) standards.

This includes ensuring that management produces high-quality and timely financial information supported by robust position papers with appropriate analysis and conclusions.

Appropriate experience and expertise should be applied in the reporting process, particularly in more difficult and complex areas, such as asset values, provisions, revenue arising from contracts with customers, capitalisation of expenditure, expected credit losses and other estimates, the impact of post-balance-date events, and disclosure.

The basis and circumstances related to management's judgements on accounting estimates and forward-looking information should be documented at the time and disclosed in financial reports.

Auditors have an essential role in the production of high-quality financial reports

and are reminded to focus their attention and use their professional scepticism about elements of the financial report that require the greatest amount of professional judgement and estimation. Financial-reporting focus areas are important for auditors.

### ASIC uncovers poor corporate whistleblower policies

ASIC has released report 827 *Insights from the ASIC Whistleblower Questionnaire: July 2024 to June 2025*. It reveals poor practices and policies.

It reviews the whistleblower status of 134 entities in 18 industries, examining how far companies have adopted better practices outlined in previous ASIC publications.

ASIC's review found:

- Significant variation in the 'maturity' of whistleblower practices
- Over a third of participating entities failed to provide a dedicated whistleblower web-page for raising concerns
- A quarter failed to provide regular staff training in their whistleblower programs, and
- More than half had not sought employee feedback on their whistleblower programs in the past year.

ASIC commissioner Alan Kirkland said: ‘Whistleblowers play a crucial role in identifying and exposing misconduct that can harm customers, shareholders, companies, and the broader community.

‘Without effective policies and programs to encourage whistleblowers to come forward, misconduct may otherwise go unreported and undetected.

‘We encourage companies to benchmark themselves against the findings of the report and consider how they can improve their own whistleblower policies and practices.’

ASIC will continue to monitor whistleblower practices and engage with companies identified as having non-compliant or significantly less-mature practices.

### **AASB concludes review of NFP issues**

The Australian Accounting Standards Board has concluded a post-implementation review of certain topics, finding that they are generally working as intended.

In November 2022, the AASB issued ITC 51 *Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements* to assess their effectiveness and appropriateness.

ITC 51 focused on:

- Control and consolidation for NFP entities
- The definition of a structured entity for NFPs
- Related-party disclosures by NFP public-sector entities, and

- Disclosures in special-purpose financial statements concerning compliance with Australian accounting standards.

The feedback statement concluded the PIR, summarising key stakeholder feedback and outlining the board’s decisions.

The board decided not to propose any amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 124 *Related Party Disclosures*, and AASB 1054 *Australian Additional Disclosures*.

The AASB will continue to monitor domestic and international projects as well as undertake further research to ensure that any potential amendments are informed by evidence and stakeholder feedback.

### **AASB responds to local-government questions**

AASB staff have responded to frequently-asked questions from local governments.

The responses clarify how depreciation under AASB 116 *Property Plant and Equipment* relates to asset maintenance and replacement and explain that non-cash expenses such as depreciation do not affect an entity’s solvency and long-term financial sustainability.

FAQs are designed to support stakeholders in applying and understanding AASB standards. They do not amend or interpret the standards.

### **Changes proposed to AASB 18**

In exposure draft 338 *For entities preparing Tier 1 General Purpose Financial Statements* the AASB proposes amendments to:

- AASB 18 *Presentation and Disclosure in Financial Statements* and AASB 107 *Statement of Cash Flows* to relieve superannuation entities and NFP public-sector entities preparing Tier 1 GPFS from certain requirements, which include presentation of the statement of profit or loss, management defined-performance measures and presentation of cash-flow statements
- AASB 18 to clarify how certain principles should be applied by NFP entities in the private and public sectors
- AASB 1056 *Superannuation Entities* to facilitate application of AASB 18 and AASB 107 by superannuation entities, and
- AASB 1054 *Australian Additional Disclosures* and AASB 1039 *Concise Financial Reports* for consistency with AASB 107 in respect of entities preparing Tier 1 GPFS, including for-profit private-sector entities.

The exposure draft proposes amendments relevant to the following entities for the periods stated, earlier application permitted:

- Superannuation entities applying AASB 1056 and NFPs for annual periods beginning on or after 1 January 2028, and
- For-profit entities, other than superannuation entities applying AASB 1056, for annual periods beginning on or after 1 January 2027, with respect to amendments made to AASB 1039 and AASB 1054.



## **ETHICS**

### **Using AI ethically**

When using AI, members of accounting bodies must continue to meet ethical obligations under APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

New principle-based provisions in the code concerning technology took effect on 1 January 2025. The amendments ensure that the code continues to guide members’ ethical use of technology, including AI tools, in a responsible manner, and that fundamental principles, such as integrity, professional competence, due care, and confidentiality are upheld.

While technology such as AI can help to produce, summarise, and interpret information, members remain responsible for the analysis, the underlying professional judgements, and the outcomes of a service provided to a client or employer.

Members should avoid undue reliance on or influence from technology such as AI, which at times can hallucinate and present convincing answers that are not accurate.

Members must have an inquiring mind to critically assess and verify any information used or produced for a professional activity, which includes AI-generated information.

Importantly, members should disclose when AI tools are used and supervise and review their use in the delivery of professional activities, in line with the fundamental principles of integrity, professional competence and due care, and professional behaviour.

For members providing valuation, forensic accounting, and corporate finance, the Accounting Professional & Ethical Standards Board’s service-specific standards require disclosure of the methodology and information sources used to prepare reports. Such disclosures should generally include the use of AI tools and AI-generated information.



## FRAUD

### Canberra childcare director jailed

Former Canberra childcare director Emma Morton has been jailed for three years by the ACT Supreme Court for stealing more than \$300,000 from the Weston Creek Children’s Centre where she worked for 20 years. The offences occurred between March 2020 and February 2021.

Ms Morton, 51, was one of only two persons who had access to the centre’s banking systems.

She pleaded guilty to three charges, including transferring money to accounts she controlled

and using the centre’s card to buy clothes and cosmetics as if it were her own money.

The court heard that when an auditor rang to make an appointment, Ms Morton told him that the centre ‘would not be undertaking an audit’ that year.

The assistant manager, who had access to the centre’s accounts to deliver payments to employees, noticed anomalies and told police.

Evidence showed that Ms Morton used three methods in her offending:

- In more than 26 transactions her recording inaccurate payment

descriptions made to look legitimate resulted in funds being transferred by her to other accounts

- \$130,000 was taken from the centre’s savings account and transferred to an account she controlled, and
- Thefts involved 106 transactions, amounting to nearly \$35,000, which was spent on clothes, cosmetics, and other personal items.

*GAAPinar No. 4* on April 23 covers **Fraud risk in the 2026 audit**, with Colin Parker.



## ACNC ACTIVITIES

### New laws to increase understanding of investigations

Parliament has passed *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025* to amend Australian Charities and Not-for-profits Commission’s secrecy provisions.

Until now, the provisions have prevented the ACNC from disclosing information about investigations into concerns raised about charities and the outcomes of investigations unless, for example, the charity consented to the disclosure.

ACNC commissioner Sue Woodward said: ‘The new provisions [will allow me] to disclose information about investigations in limited circumstances. Two new types of disclosure are permitted. [I] may disclose the fact that the ACNC is investigating a charity or information relating to an investigation already publicly available.’

Before determining if the disclosure is permitted under the revised provisions, the commissioner must consider a range of factors, including the seriousness of the non-compliance and whether the risks weigh in favour of a disclosure. Any disclosure must be based on the actions of a charity, not on the actions of an individual acting without the charity’s authority.

‘We must also consider whether disclosure could negatively affect another authority’s investigation, compromise evidence or the

fairness of possible legal proceedings’, Ms Woodward said.

‘Our education-first approach to regulation will continue, but these exceptions provide an additional opportunity to disclose an investigation to prevent potential harm and ensure continued trust and confidence in the sector.

‘We continue to focus on preventing non-compliance and supporting charities to return to compliance where issues arise.’

The new powers apply only to new or ongoing investigations relating to a charity’s compliance with the ACNC Act, ACNC governance standards, and the commission’s external-conduct standards (see Appendix 2: Adhering to ACNC’s governance external-conduct standards).

If information is disclosed about an investigation, it will first appear on the ACNC’s website.

### ACNC insights into financial reporting

The ACNC has released its latest analysis of charities’ financial reporting, focusing on a cohort of charities more at risk of making errors.

The analysis covered the 2023 reporting period, in which annual information statements and financial reports of 250 charities and reporting groups were expected.

The commission focused on medium-to-large charities that were more likely to have made errors in their reporting. The reviews looked at whether details contained in statements and reports were consistent. Specific reporting requirements – including recently-established ones on key management personnel and related-party transactions – were checked for correctness.

ACNC commissioner Sue Woodward said that the analysis was vital to learn where some charities might be experiencing challenges and to shape the quality and content of ACNC guidance.

Key findings were:

- Fifty-seven per cent of charities made material errors in their reporting, which required them to submit either a corrected AIS or complete AFR
- Twenty-five per cent of large charities made one or more key-management-personnel remuneration errors in AISs
- Eighty-two per cent of charities had no material differences in financial information in their AFRs and AISs. In the remaining 18 per cent, corrections totalling \$2.8 billion in total revenue and \$5.8 billion in total assets had to be made, and
- Ninety-three per cent of charities correctly completed related-party transactions questions in their AISs.

Read the full report *Reviewing charities’ financial information and annual financial reports – 2023* is available on the ACNC website.

**Compliance insights from ACNC’s annual report**

The ACNC’s 2024-2025 annual report reveals that the commission closed 34 investigations with regulatory advice. It imposed one enforceable undertaking and issued one warning.

It revoked the charity status of 22 organisations. There were:

- Eight instances of non compliance with governance standards (most commonly these related to financial management)
- Seven instances where charities failed to meet ACNC reporting obligations
- Five instances where charities failed to meet record keeping requirements, and
- Three instances of non compliance with an external-conduct standard.

Some charities were revoked for several breaches. Three organisations voluntarily revoked their charity status. The commission issued eight other regulatory actions (such as additional reporting obligations).

The commission has tools that allow charities to self audit, review their compliance, and self-evaluate in other ways.

A self audit requires a charity to respond to questions about their compliance with governance standards and, where applicable, external-conduct standards.

Self audits assess charities in five key areas: managing conflicts of interest and related party transactions, safeguarding, financial management, managing risk, and where applicable, working with overseas partners.

Depending on the response, the commission may provide tailored regulatory advice that helps charities to comply with their obligations. Twenty-nine charities were required to complete a self audit. Eleven had satisfactory governance, and 18 were provided with regulatory advice.

The commission undertakes compliance reviews to better understand whether risks exist in certain parts of the sector. Participation in ACNC reviews is voluntary. Fifty reviews were completed: ten on cyber awareness, twenty on newly registered charities, and twenty charities engaged in a complex structure.

The commission uses a self evaluations tool to support charities to proactively self assess compliance. Completion of a self evaluation is voluntary. The commission issued 452 self evaluations. Based on its risk assessments, these self evaluations are sent to help charities assess if they are complying with their obligations.

**Findings on charities that operate as groups**

The ACNC has released a summary of a review into charities operating with a complex structure, identifying how they practise good governance and manage risk.

‘Complex structure’ isn’t defined and covers various types of arrangements. Typically, it covers several charities operating as a group, often with more than one type of legal structure and/or entities with various purposes (for-profit and charitable).

ACNC commissioner Sue Woodward said that charities operating within a complex structure needed to be mindful that it often involved more complex governance matters to consider and manage.

‘Without careful management, these issues can lead to inadvertent non-compliance with relevant laws’, Ms Woodward said.

The review found charities achieved satisfactory governance by:

- Demonstrating why their use of a complex structure assisted in fulfilling their charitable purposes

- Tailoring their governance practices to their specific structure, often with the support of specialist advice, and
- Periodically reviewing their structure and governance practices to ensure arrangements and practices were fit for purpose.

Some ways charities are managing issues around risk and governance include:

- Holding separate board meetings for each entity within the group and ensuring record-keeping is well managed for each entity
- Establishing group policies and governance frameworks – where appropriate – to apply consistent risk and compliance practices
- Providing on-going training on governance and directors’ duties to ensure obligations are understood
- Obtaining independent, specialist advice for specific legal, financial and governance matters that may affect the entire group or a specific entity within it, and
- Periodically reviewing the structure to ensure that it remained suitable for the charities’ needs, and that governance and compliance requirements were being appropriately managed.

‘Our compliance and enforcement reviews shine a light on practices that demonstrate how charities are managing risks and draw our attention to areas of concern where we need to act. While enforcement is part of our role, our primary focus is on supporting charities to achieve compliance through an education-first approach.’

The ACNC recently published detailed guidance on good governance in *Governance Practices for Complex Entities*.



**NDIS**

**Record penalty for NDIS supplier**

The Federal Court has fined Lifestyle Solutions (Aust) Pty Ltd a record \$2.5 million for 96 contraventions of the NDIS Act.

Lifestyle Solutions admitted that it had committed breaches of the NDIS practice standards and code of conduct between June 2019 and October 2021. NDIS

participants and support workers suffered physical violence and abuse in a supported independent-living facility on the central coast of New South Wales.

One NDIS participant who had complex communication needs suffered several injuries while living in the home, including being bitten on the face and arm, being put in a headlock, and having her hair torn out.

The responsible manager admitted that she had committed 13 contraventions of the act.

Lifestyle Solutions also admitted that it had committed 1811 contraventions of NDIS reportable-incident rules as a consequence of its failing to report serious incidents to the NDIS Commission within required timeframes between November 2018 and December 2023.

The Federal Court found that the home was not a safe environment for residents and support workers, noting that abuse was not managed, assessed, and responded to adequately or appropriately.

Support workers were also subject to harm from the home’s participants, including being bitten, spat on, and hit.

Commissioner Louise Glanville said the commission would continue to take strong action against providers that failed to deliver safe, quality services to people with disabilities.

‘The safety of NDIS participants who live in supported accommodation [...] is paramount’, said Ms Glanville.

‘Registered providers have legal obligations to report serious incidents within required timeframes. Failure to do so leaves participants at serious risk of harm and prejudices our regulatory work.’

The case was the first of its kind regarding abuse of this nature in supported accommodation. Associate commissioner and chief legal counsel Natalie Wade said the court’s decision demonstrated the serious consequences for providers who breached obligations.

‘This legal action and the record high penalty imposed [...] sends a clear message to NDIS providers who fail to comply with their obligations to keep participants safe.

‘The NDIS Commission will not hesitate to use every power – including civil proceedings – to protect the human rights of people with disability.’

The penalty consisted of:

- \$2 million against Lifestyle Solutions for its failures to comply with NDIS practice standards and code of conduct, and
- \$500,000 against Lifestyle Solutions for its failures to comply with NDIS reportable-incident rules.

The court also ordered Lifestyle Solutions to pay the NDIS Commission’s legal costs in the total amount of \$150,000.

**New NDIS identity checks**

The NDIS Commission is improving how it checks the identity of providers that use its portals.

Strong identity checks help the commission to keep participants, providers, and the NDIS safe from scams, fraud, and data breaches.

From 7 December, providers had to transition from using Provider Digital Access (PRODA) to a combination of Digital ID (myID) and Relationship Authorisation Manager (RAM) to access NDIS Commission portals. RAM is an

authorisation service that allows an individual to act on behalf of a provider online when linked with his or her myID, which is the federal government’s digital-ID app.

Providers will continue accessing the NDIS Commission portals through PRODA during the transition period, which is scheduled to end by 30 September. Following the transition period, the option to access the portals using PRODA will be removed.

NDIS participants who access NDIS Commission portals for worker screening will continue to use PRODA until further notice.

The change has no effect on NDIS worker screening.

**NDIS Commission’s strong progress**

The NDIS Commission’s 2024-25 report highlights strong progress in building a safer, higher-quality and more accountable scheme.

The commission believes that it continues to mature as a risk-based, data-driven regulator, while expanding its reach and capability.

Key results and achievements included:

- Significant increase in compliance and enforcement activity, outcomes increasing by 214 per cent and big increases in banning orders, compliance notices, and civil penalty actions. This reflects a stronger focus on holding providers accountable and protecting people at greatest risk, and
- Investment in intelligence, collaboration, and improved data-sharing with the NDIA and states.

**New powers for the NDIS**

The federal government is considering new legislation to increase the safeguarding of NDIS participants and improve the scheme’s integrity.

The *National Disability Insurance Scheme Amendment (Integrity and Safeguarding) Bill 2025* proposes a range of new powers for the NDIS Quality and Safeguards Commission.

Key measures include:

- Stronger penalty framework with increased civil penalties and new criminal offences
- Anti-promotion orders to restrict predatory marketing that exploits participants and damages the scheme
- Expansion of banning powers to include auditors and consultants, and
- Stronger information-gathering powers for the commission to investigate providers more effectively.

‘These reforms – which are aligned with recommendations of the NDIS Review and the Disability Royal Commission – will empower the NDIS Commission to take stronger regulatory action’, Ms Glanville said.

‘The ability to ban auditors and consultants is critical to remove unscrupulous operators from the scheme.

‘Anti-promotion powers will mean we can crackdown on predatory marketing that exploits NDIS participants and undermines the integrity of the scheme.

‘These changes will [help] us to be a more formidable regulator with a clear focus on protecting human rights and the sustainability of the NDIS.’

The bill is scheduled for debate this year.

**NDIS providers must register**

The federal government has announced that mandatory registration for disability-service providers of supported independent living and platform providers will begin from 1 July.

SIL providers deliver in-home supports so that people with disabilities get help or supervision to live as independently as possible, including in shared accommodation. It may involve personal care and other daily tasks such as showering, dressing, cooking, and cleaning.

Platform providers connect NDIS participants and support workers through online marketplaces, often facilitating ‘high-volume, low-visibility’ interactions.

Every provider delivering these NDIS-funded supports must register with the NDIS Quality and Safeguards Commission.

All SIL and platform providers will be subject to high-quality standards and independent audits, suitability assessments, reporting requirements, and worker screening.

Moving to mandatory registration for SIL providers is happening alongside the development of new practice standards.

They will focus on quality and safety in shared accommodation and daily supports while improving worker training and SIL audits.

‘Registration isn’t a once-off exercise – providers must continuously meet quality standards or be held accountable’, said NDIS Quality and Safeguards Commissioner Louise Glanville.

More information and guidance on transition arrangements will be provided by the NDIS Commission early in 2026.



## AGED CARE

### New Aged Care Act starts

The new *Aged Care Act* began on 1 November, putting the elderly at the centre of aged care, creating a safer and fairer system, and aiming to ensure that the elderly have the quality of life they deserve.

Key features include:

- A statement of rights ensuring that older people remain active participants in their own care

- A new support-at-home program that improves access to services, products, equipment, and home modifications
- Strengthened aged-care quality standards
- A new regulatory model encouraging stronger working relationships, transparency, and engagement, and
- Simplifying the registration process and giving clear provider obligations.

Reforms will be staged, minimising disruption.

Providers should:

- Review *Provider Operational Readiness – Priority Actions List*, which guides aged-care providers on how to implement the new act and ‘Support at Home’ program (see [www.health.gov.au](http://www.health.gov.au))
- Complete any mandatory reporting in the Government Provider Management System, My Aged Care Service and support portal, and the Aged Care Provider Portal, and
- Talk to your workers and older people, their families and carers to reassure them.



## INSIDE GAAP CONSULTING

### GAAPinar registrations open

Come along to *GAAP Training’s* 14-session March-June *GAAPinar* series starting on Thursday 19 March.

Our 14-session program brings you right up to speed with the latest in audit, financial and sustainability reporting, AI, ethics, AFSL, and SMSFs.

Designed with a focus on audit quality and professional judgment, the program addresses key areas such as audit planning, auditing impairment, fraud, NOCLAR, and meeting AFSL audit requirements. We’ll also explore current financial-reporting challenges – including fair-value measurement and the application of reporting frameworks – and provide guidance on the fast-evolving landscape of climate-related reporting.

Check out the program and register at the *GAAP Training* website.

Questions about the *GAAPinars* and tailored training are answered at [andrew@gaaptraining.com.au](mailto:andrew@gaaptraining.com.au).

### More training riches on demand

Looking for contemporary training in financial reporting, business risks, ethics, SMSF, and auditing? Want to hear from the experts – Carmen Ridley, Chanelle Pienaar, Jessica-Anne Saayman, Shelley Banton, and Colin Parker?

Check out the ‘on-demand’ sessions in *GAAP Training’s* extensive library of more than 170 topics. The library has already been updated with the most recent sessions. More than 260 CPD hours are just a mouse-click away at [www.gaaptraining.com.au](http://www.gaaptraining.com.au). Use the *GAAPinars* as a refresher and to bring new members up to speed.

### How we can help

As well as our advisory services on the interpretation of accounting, auditing, and ethics standards, *GAAP Consulting* can help you with:

- **Financial reporting** – financial statement preparation, implementation of new and revised accounting standards, preparation of accounting policy position papers and pre-issuance reviews of financial statements
- **Risk management** – quality-assurance reviews of audit files and risk-management systems (under auditing and ethical standards rules), engagement quality review and root-cause analysis services, help with enquiries from regulators and accounting bodies, and managing litigation risks

- **Training** – face-to-face and web-based (*GAAPinars*) training on standards, legislative developments, and business risks as well as client briefings on contemporary issues. There is also an extensive library of *GAAPinars* ([www.gaaptraining.com.au](http://www.gaaptraining.com.au))
- **Information services** – use of proprietary technical content from *GAAP Alert*, *Special GAAP Reports*, and *NFP Risks and Compliance* newsletters to enhance the brand awareness and expertise of existing and potential clients.

ASIC has made repeated references to the importance of position papers to support key accounting decisions. Help is coming with our publication *Why and How of Accounting Policy Position* by lead author Rob Mackay. To obtain a copy please contact Colin 0421-088-611 or [colin@gaap.com.au](mailto:colin@gaap.com.au).

- **Improving communication skills** – we can help you to communicate better, editing and rewriting professionally your tenders, client communications, and internal manuals. They’ll be clearer, simpler, more powerful, and easier to read and to understand. We can also help you to prepare formal and informal talks, speeches, and seminars.

The *GAAP Consulting* members and their areas of expertise and locations are:

- **Colin Parker**, aka the ‘gate-keeper’ (financial reporting, audit, ethics, risk management, and host of the *GAAPinar* training series) – Canberra (contact Colin 0421-088-611 or [colin@gaap.com.au](mailto:colin@gaap.com.au))
- **Carmen Ridley** (financial and sustainability reporting and ethics) – Melbourne
- **Robert Mackay** (financial and sustainability reporting) – Melbourne
- **Stephen La Greca** (financial reporting, audit, and risk management) – Sydney
- **Chanelle Pienaar** (audit and risk management) – Brisbane
- **Jessica-Anne Saayman** (audit and risk management) – Brisbane
- **Shelley Banton** (self-managed superannuation funds) – Newcastle
- **Andrew Parker** (training, marketing, and event management) – Melbourne, and
- **Stephen Downes** (client communications) – Melbourne

We use the services of **Stephen Newman**, corporate lawyer, Hope Earle, Melbourne, when matters have a legal aspect.



**Colin Parker**  
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### Contact Us

Should you require any further information about the services provided or our team, please contact:

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This communication provides general information current at the time of release. It is not intended that the information provide advice and should not be relied on as such. Professional advice should be sought prior to actions on any of the information contained herein.



## APPENDIX

### *Appendix 1: ASIC’s ‘enduring’ focus areas for financial reporting*

Area	Consideration
<b>Revenue</b>	<p>Directors and auditors should review an entity’s revenue recognition policies to ensure that:</p> <ul style="list-style-type: none"> <li>• Revenue and deferred revenue are recognised in accordance with the substance of the underlying transactions and the satisfaction of performance obligations</li> <li>• Judgements and assumptions used in revenue models are appropriate and reasonable, and</li> <li>• Disclosure of revenue policies is not boilerplate and is appropriate for each material revenue stream.</li> </ul>
<b>Impairment of non-financial assets</b>	<p>Goodwill, indefinite useful life intangible assets, and intangible assets not yet available for use must be tested annually for impairment.</p> <p>Entities adversely impacted in the current environment may have new or continuing indicators of impairment that require testing for other non-financial assets.</p> <p>The appropriateness of key assumptions supporting the recoverable amount of non-financial assets.</p> <p>The valuation method used for impairment testing should be appropriate, use reasonable and supportable assumptions, and be cross-checked for reliability using other relevant methods.</p> <p>Disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios.</p>
<b>Values of property</b>	<p>Factors that could adversely affect commercial and retail property values should be considered, such as changes in office-space requirements of tenants, on-line shopping trends, future economic or industry impacts on tenants, and the financial condition of tenants.</p> <p>The lease-accounting requirements and the impairment of lessee right-of-use assets.</p>
<b>Expected credit losses on loans and receivables</b>	<p>Whether key assumptions used in determining expected credit losses are reasonable and supportable.</p> <p>Any need for more reliable and up-to-date information about the circumstances of borrowers and debtors.</p> <p>Short-term liquidity issues, financial condition and earning capacity of borrowers and debtors.</p> <p>Ensuring the accuracy of ageing of receivables.</p> <p>Using forward-looking assumptions and not assuming recent debts will all be collectible.</p> <p>The extent to which history of credit losses remains relevant in assessing ECLs.</p> <p>Whether possible future losses have been adequately factored in, using probability-weighted scenarios, as necessary.</p> <p>Disclosure of estimation uncertainties and key assumptions.</p>
<b>Financial-asset classification</b>	<p>Financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.</p> <p>Criteria for using amortised cost include whether both:</p> <ul style="list-style-type: none"> <li>• Assets are held in a business model whose objective is to hold the assets to collect contractual cash flows, and</li> <li>• Contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.</li> </ul>
<b>Value of other assets</b>	<p>The net realisable value of inventories, including whether all estimated costs of completion and necessary to make the sale have been considered in determining net realisable value.</p> <p>The value of investments in unlisted entities.</p>
<b>Provisions</b>	<p>The need for and adequacy of provisions for matters such as onerous contracts, leased property make-good, mine-site restoration, financial guarantees given and restructuring.</p>
<b>Subsequent events</b>	<p>Events should be reviewed as to whether they affect assets, liabilities, income, or expenses at year-end or relate to new conditions requiring disclosure.</p>
<b>Disclosure – general considerations</b>	<p>Directors and preparers should put themselves in the shoes of users and consider what information investors would want to know. Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial position, and performance. Changes from the previous period should be considered and disclosed.</p>
<b>Disclosures in the financial report</b>	<p>Uncertainties may lead to a wider range of valid judgements on asset values and estimates. The financial report should disclose uncertainties, changing key assumptions and sensitivities. This will assist users in understanding the approach taken, understanding potential future impacts and making comparisons among entities.</p> <p>The appropriate classification of assets and liabilities between current and non-current categories on the statement of financial position should be considered. This may have regard to matters such as maturity dates, payment terms, and compliance with debt covenants.</p>

## *Appendix 2: Adhering to ACNC’s governance external-conduct standards*

The ACNC’s governance standards are core principles dealing with how a charity should be run.

Charities must meet the standards to be – and remain – registered. The principles do not apply to basic religious charities.

They require charities to remain charitable, operate lawfully, and be run in an accountable and responsible way. They help to maintain public trust in charities’ work.

The principles are high-level, imprecise rules, and charities must determine what they need to do to comply with them.

Standard	Explanation
<b>1 Purposes and not-for-profit nature</b>	A charity must be not-for-profit and work towards its charitable purpose. It must be able to demonstrate this and provide information to the public about its purposes.
<b>2 Accountability to members</b>	A charity that has members must take reasonable steps to be accountable to its members and provide them with adequate opportunities to raise concerns about how the charity is governed.
<b>3 Compliance with Australian laws</b>	A charity must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of sixty penalty units or more. From 1 July the value of a penalty unit is \$330.
<b>4 Suitability of responsible people</b>	A charity must take reasonable steps to: <ul style="list-style-type: none"> <li>• Be satisfied that its responsible people (such as board or committee members or trustees) are not disqualified from managing a corporation under the <i>Corporations Act 2001</i> or disqualified from being a responsible person of a registered charity by the ACNC commissioner, and</li> <li>• Remove any responsible person who does not meet these requirements.</li> </ul>
<b>5 Duties of responsible people</b>	A charity must take reasonable steps to make sure that its responsible people are subject to, understand, and carry out the duties set out in standard 5.
<b>6 Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector</b>	A charity must take reasonable steps to become a participating non-government institution if the charity is, or is likely to be, identified as being involved in the abuse of a person either: <ul style="list-style-type: none"> <li>• In an application for redress made under section 19 of the <i>National Redress Scheme for Institutional Child Sexual Abuse Act 2018</i>, or</li> <li>• In information given in response to a request from the National Redress Scheme Operator (secretary of the Department of Social Services) under section 24 or 25 of the <i>Redress Act</i>.</li> </ul>

An ACNC self-evaluation tool aims to help charities assess if they are meeting their obligations. It also helps to identify issues that might prevent them from doing so.

It poses questions and prompts charities to describe both the practical steps they are taking to meet their obligations and to list relevant policies and procedures.

A charity that conducts activities overseas – including sending funds overseas from Australia – must also comply with external-conduct and governance standards.

Four external-conduct standards cover certain aspects of a charity’s overseas operations.

Standard	Explanation
<b>1 Activities and control of resources (including funds)</b>	The way a charity manages its activities overseas and how it is required to control the finances and other resources it uses overseas.
<b>2 Annual review of overseas activities and record-keeping</b>	The requirements for a charity to obtain and keep sufficient records of its overseas activities.
<b>3 Anti-fraud and anti-corruption</b>	The requirements for a charity to have processes and procedures that work to combat fraud and corruption in its overseas operations.
<b>4 Protection of vulnerable individuals</b>	The requirement for a charity to protect the vulnerable people that it works with when conducting its overseas operations.

An ACNC self-evaluation tool for charities operating overseas aims to help charities assess if they are meeting their obligations and identify issues that might prevent them from doing so.

The tool poses questions and prompts charities to describe the practical steps they are taking to meet their obligations.

